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NEWS SUMMARY

GENERAL Drug article ban rapped. The European Court of Human Rights ruled that the 1972 UK court injunction stopping the Sunday Times publishing an article on the drug, Thalidomide, violated the European convention on human rights.

Business Equities lose 5.8; £ gains 15 points. EQUITIES lost early gains as some profit-taking and the market faltered after the two-day upsurge. The FT 30-share index closed 5.8 down at 546.9.

Syrian MiGs fly over Beirut. Syrian MiGs flew over Beirut and other Lebanese areas in a show of force after Palestinians and Israelis agreed to stop shelling each others' positions near Tyre.

Vietnam 'fraud'. China dismissed a Vietnamese 'peace proposal' as a fraud and put forward instead an eight-point framework for negotiations on hostilities between the two countries.

Ban on Front. Sheffield City Council rejected a National Front application to hold an election-meeting in the city's biggest immigrant area.

Giscard visit. President Giscard d'Estaing of France, in Moscow for talks with President Leonid Brezhnev, is expected to sign a 10-year economic co-operation treaty with the Soviet leader.

Move on Kurds. The Iranian army was reported pushing towards the western border with Iraq, apparently with the aim of recapturing military strongholds controlled by Kurdish guerrillas.

Sth Africa code. The European Parliament is expected to approve a controversial report on the application of the code of conduct for EEC companies operating in South Africa.

Murder hunt. Police investigating the killing of John George, in a Surrey wood, threw a cordon around the Somerset village of Beckington, in a bid to trace the killers.

Belfast blaze. Fire severely damaged the offices of the Motor Tax Department in Belfast after two bombs exploded within five minutes of each other.

Briefly... First of the IRA prisoners taking part in the Maze prison 'H' block protest, was released after serving his sentence.

Companies. VICKERS profits dropped from £25.06m to £11.7m last year, partly because of a setback in Canada and heavier offshore engineering losses.

Chief price changes yesterday. (Prices in pence unless otherwise indicated) RISES Rustenburg 135 + 20 Southval 528 + 5

Table of price changes for various commodities and currencies, including Treasuries, Anal. Power, Bakers, Beecham, Flight Refuelling, etc.

Petrol shortage in U.S. likely this year

Carter orders oil for heating to be stockpiled

BY DAVID LASCELLES IN NEW YORK. President Jimmy Carter has told the Department of Energy to stockpile oil to ensure that enough heating fuel is available next winter. At the same time, he has warned that this would divert oil away from petrol production and create petrol shortages this summer and next winter.

Inflow into life assurance and pension funds up 31%

BY PETER RIDDELL, ECONOMICS CORRESPONDENT. NET INFLOWS into life assurance companies and pension funds rose by 31 per cent last year to £7.73bn, more than double the total for four years before.

Engineers union warns of action

BY ALAN PIKE, LABOUR CORRESPONDENT. THE INCOMING Government could face the threat of national industrial action in the engineering industry almost immediately after next week's general election.

Inflation rate rises to 13% in U.S.

By David Buchanan in Washington. UNITED STATES consumer prices rose by 1 per cent last month, bringing inflation to a seasonally adjusted annual rate of 13 per cent for the first quarter of this year—the highest level for four and a half years.

Heath backs Tory moves to curb unions

BY RICHARD EVANS, LOBBY EDITOR. POWERFUL SUPPORT for Conservative Party plans to introduce legislation curbing the powers of the trade unions came last night from Mr. Edward Heath, in a move that was warmly welcomed by Tory election campaign managers.

Table showing institutional investment in Govt. and Coy. securities for 1977 and 1978.

New Daimler-Benz chief

BY JONATHAN CARR IN BONN. THE NEW executive chairman of Daimler-Benz, one of the top jobs in West Germany, is to be Dr. Gerhard Prinz, at present board member responsible for purchasing.

Advertisement for Famous Grouse Scotch Whisky, featuring a bottle and glasses with the text 'The exception that could prove to be your rule.'

Table of contents listing various articles and their page numbers, including Ford's strategy for Europe, Management: mixed fortunes of BAT's U.S. retailing ventures, etc.

Bonn shelves development aid move

BY ADRIAN DICKS IN BONN

THE WEST German Cabinet yesterday effectively shelved a decision on how much to increase development aid...

ment will not be fixed before early July, when the Government is due to set Budget targets for 1980 and lay out the main elements of its medium-term financial plans up to 1983.

They remain unconvinced evidently by the argument that West Germany could only strengthen its position at the Manila conference early in May by spelling out what it plans to offer.

community for developing countries' manufactured goods.



COUNT OTTO LAMBSDORFF

New report on EEC, S. Africa dealings

By Margaret Van Mattem in Strasbourg

THE EUROPEAN Parliament yesterday evening was expected to approve a controversial report on the application of the code of conduct for EEC companies operating in South Africa.

The report was withdrawn from the agenda of the previous session of Parliament last month and extensively re-written when it was found to contain several passages indirectly supporting the South African government's apartheid policy.

DAIMLER CHAIRMAN STEPS DOWN AFTER 14 YEARS

Zahn successor will keep same winning formula

BY JONATHAN CARR IN BONN

DAIMLER-BENZ has taken its expected decision to appoint Dr. Gerhard Prinz as new executive chairman from next January.

Some have already spoken of the end of an era at one of the world's most successful vehicle companies—with the stepping-down of Dr. Joachim Zahn, 65, who has held the top post for 14 years.

Zahn's own fierce distinclation to look at annual, let alone monthly, figures in isolation. He was always one for the grand, long-term strategy—one which enabled his company to coast through the 1974-75 period on its bulging order books, almost as though no oil crisis had occurred—and no recession, to speak of, either.

chasing business, along with other special negotiating tasks, has shown that the steel is there when needed. But he did have possible rivals—the main one being Dr. Edzard Reuter, who will take over the company's finance responsibilities which Dr. Zahn combines with the chairmanship.

Comecon chief in talks on Czech oil needs

BY PAUL LENDYAI IN VIENNA

CZECHOSLOVAKIA'S need for more Soviet gas and oil, and Comecon projects to develop raw material resources in the Soviet Union are understood to be at the centre of talks which Deputy Premier Konstantin Katushev, the Soviet Union's chief Comecon representative, is conducting in Prague.

Czechoslovakia in 1976 concluded a \$2.5bn deal with Iran for the delivery of gas between 1981 and 2003. Premier Lubomir Strougal told Parliament on March 28 that the contracts were "binding and valid" and that the Government was in touch with Iranian representatives.

Iran. It was planned that the Soviet Union should use Iranian gas and, in turn send an equal amount to Czechoslovakia and Hungary. Another doubtful project is the Adria pipeline from Yugoslavia to Czechoslovakia and Hungary, which partly would have transported Iranian crude to Central Europe.

per cent of Czechoslovakia's crude oil needs — 18.3m tons annually. But Radio Prague, in a programme devoted to energy problems, announced recently that Czechoslovakia will have to be satisfied with lower imports.

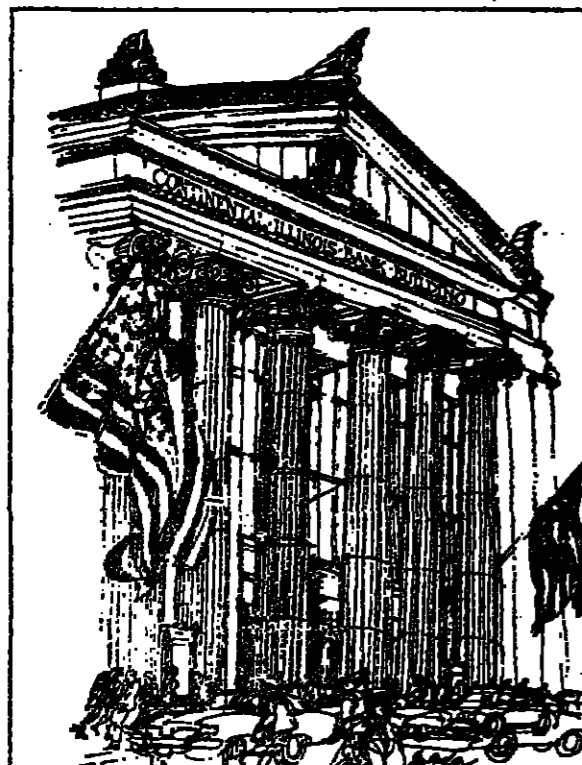
Istanbul May Day rally banned

BY METIN MUNIR IN ANKARA

THE MARTIAL law administration of Istanbul yesterday issued a statement banning the May Day rally planned to be held at the city's main square by the Confederation of Revolutionary Trade Unions of Turkey (DISK) and other left-wing organisations.

There was no immediate comment from DISK. But its leaders had earlier declared that the rally would be held "even if hundreds of thousands of people are jailed."

embarrassing to Mr. Ecevit, may take place if DISK carries out its threat to hold the rally despite the ban. General Urgu pointed out yesterday that the security forces were under orders to fire on people disregarding their commands.



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Giscard outlines action policy

BY DAVID WHITE IN PARIS

PRESIDENT Valéry Giscard d'Estaing, before leaving for Moscow yesterday, set out a list of guiding principles for his Government over the next six months, amid almost ceaseless attacks from the leadership of his Gaullist coalition partners.

adaptation of the economy to international conditions, cushioning the effects of world economic problems, and improving the quality of life. The guidelines were accompanied by a detailed calendar of Government action in these fields.

Agency and preparation of a new pact on youth employment, recently announced by the President on television. The distant the President showed on television for the "harsh" of fighting in the Government, Majority appears to have provoked M. Jacques Chirac, the Gaullist leader, to intensify his attacks at the start of the European election campaign.

Spanish hotel strike ends

By David Gardner

THE HOTEL strike on the Costa del Sol has ended after agreement between unions and employers. Hotels and bars in Malaga were reported to be back to normal yesterday, while both sides counted the cost of this bitter 18-day conflict, which has cost the local tourist industry an estimated Ft 2bn (£14.3m).

For the economy, the stress is put on modernisation and innovation, a new framework for farm growth, and more support for small companies. Measures to soften the impact of redundancies include reform of the National Employment

Chemical arms talks hold-up

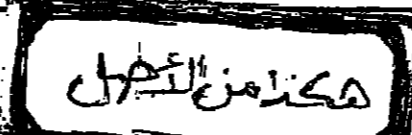
By Brij Khindaria in Geneva

THE U.S. and the Soviet Union have rejected a call by other partners in the 30-nation disarmament committee in Geneva for disclosure of the details of their bilateral talks concerning a proposed ban on the use of chemical weapons.

Measures to soften the impact of redundancies include reform of the National Employment

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EUROPEAN NEWS

Italian unions step up strike action in pay row

BY PAUL BETTS IN ROME

ITALY'S MAIN trade union confederations decided yesterday to step up protest against the increasing deadlock developing over the renewal of a series of major three-year national labour contracts involving some 10m workers in both the private and public sectors.

factory gates during the next 48 hours with pickets. Employers claim the use of pickets is illegal and are demanding compensation from the unions for eventual losses as a consequence of picketing.

continuing to stress the need to prevent any real increases in wages, it is as keen as the unions to reach a settlement before the June 3 and 4 elections.

Mobil is fined after Staffjord fire deaths

By Foy Gjester in Oslo

NORWAY'S DIRECTOR of Public Prosecutions has fined Mobil Exploration Norway Nkr 1m (about £100,000) in connection with a fire on a platform in the Anglo-Norwegian Staffjord field last year, in which five workers died.

GISCARD'S VISIT TO THE SOVIET UNION

Search for a 10-year treaty

BY ROBERT MAUTHNER IN MOSCOW

PRESIDENT Giscard d'Estaing of France arrived in Moscow last night for a three-day official visit.

During the visit, he is expected to sign with Mr. Leonid Brezhnev, the Soviet leader, a new 10-year bilateral economic co-operation agreement, covering 1980-1990.

The French and Soviet heads of State are also due to have wide-ranging discussions on the development of East-West détente and other international problems.



In a meeting of particular importance, President Giscard will sign with Mr. Leonid Brezhnev, that the Soviet Union should make a greater effort to build up bilateral trade with France, after last year's disappointing results.

Joint projects in the pipeline are at present estimated at about FFrs 8bn, including a possible FFrs 3bn contract which the French company Pechiney Ugine Kuhlmann hopes to win for construction of an aluminium complex at Salansk in Siberia.

In the diplomatic field, President Giscard is anxious to gain Soviet support for his pan-European disarmament conference proposal, which has so far aroused little enthusiasm either in the West or East.

Mr. Andrei Gromyko, Soviet Foreign Minister, did not flatly reject the French plan during his recent meeting with M. Jean Francois-Poncet, his French opposite number, but the Russians clearly are not keen on it.

Nor is there any prospect of a rapprochement between the two sides over French participation in the proposed SALT 3 negotiations on tactical nuclear weapons stationed in Europe. Moscow has been pressing for these talks but President Giscard has already categorically ruled them out.

Leutwiler hopeful on EMS link

BY JOHN WICKS IN ZURICH

SWITZERLAND IS extremely interested in the success of the European Monetary System, Dr. Fritz Leutwiler, president of the Swiss National Bank, told the bank's annual general meeting in Bern yesterday.



Dr. Fritz Leutwiler

Dr. Leutwiler drew attention to the close de facto link between Switzerland and the EMS instituted by the national bank's foreign exchange policy.

It would be up to the Swiss Federal Council and the EMS countries' Governments to decide "whether and to what extent" the relationship should be intensified, Dr. Leutwiler added.

For its part, the national bank was endeavouring to continue and extend co-operation at the technical level with EMS central banks.

If economic policy could be co-ordinated within the system, and not just at the lowest common denominator, there was a real chance for the EMS to develop into a "stability community".

With the central bank co-operation programme instituted last November and the promising start of the EMS, prospects for exchange-rate developments had become much better.

Dr. Leutwiler said he thought foreign exchange movements should be much more gradual in future, with a lessening of the danger of excessive interventions.

Switzerland, in connection with which the national bank had disposed of dollars worth SwFr 5.4bn between the start of the year and mid-April.

Over and above this, the national bank had last month and this sold some SwFr 5.8bn worth of dollars in the market at unchanged firm dollar and D-Mark rates against the Swiss franc.

This development, particularly the resistance of the dollar, had come as a surprise to the Swiss National Bank.

"We had not expected that it would be possible to cut out a substantial part of the monetary overhang so soon and without negative effects on the Swiss franc rate."

Since the start of the year, Switzerland's monetary base, excluding end-of-year operations, had declined by no less than SwFr 10.6bn to a level 2.5 per cent below that of a year ago.

A few months ago, the annual growth rate had exceeded 90 per cent.

Concerning the national bank's 1978 loss on foreign-exchange holdings, Dr. Leutwiler said the bank saw this as an isolated occurrence.

This year, it should be possible to cover a considerable part of this loss. In the 1978 bank balance, the SwFr 2.6bn deficit resulting from losses on foreign currency is covered by unutilised reserves based on gold holdings.

Under these conditions, monetary control of the order experienced last autumn should no longer come about.

Switzerland's excessive liquidity had already been considerably reduced, with the quietening of the foreign exchange markets allowing a return to movements of capital from low-interest to high-interest countries.

In the first three months of this year, Dr. Leutwiler disclosed, foreign borrowings of almost SwFr 11bn (about £3.1bn) were approved in

had in recent years placed a growing strain on the capital base of industry.

The chief of the Economic Research Institute, Professor Hans Seidel, said that GNP this year should rise "at least" by 3.5 per cent as against 1.5 per cent last year and that this estimate was certainly not exaggerated.

French oil bill 'could rise by £1.44bn'

PARIS—France's oil import bill for 1979 could be FFr 13bn (£1.44bn) above that of last year if the dollar's present firm tone is maintained, M. André Girard, French Industry Minister, told a seminar on energy here yesterday.

The increase would be at least FFr 10bn as a result of recent OPEC price increases.

Provisional figures issued in January by the oil industry association showed France's 1978 oil import bill was FFr 54.6bn.

Trade between the two countries progressed very rapidly

dropped sharply in 1978. While retaining its position as the Soviet Union's fourth largest Western supplier, behind West Germany, Japan and the U.S., France's exports to that country dropped by 10 per cent to FFr 6.6bn (about £700m) last year, compared with 1977.

At the same time, French imports from the Soviet Union fell by 3 per cent to FFr 5.5bn (about £500m).

The French were encouraged, however, by a huge FFrs 850m contract won in the autumn of last year by Technip, the French engineering group.

This was for "gas lift" installations to improve oil recovery levels in Western Siberia, and was one of the biggest orders received by any Western country in 1978.

If the Soviet Union continues on this path, it is still possible that the original objective—set at the Franco-Soviet summit in

Rambouillet in June, 1977—of tripling trade between the two countries between 1975 and 1979, will be met.

East German travel call

BY LESLIE COLT IN BERLIN

THE PROTESTANT Church in East Germany has urged the Government to allow more East Germans to travel to the West.

This unusually bold resolution for the normally circumspect East German Evangelical Church, comes as the East German Communist leadership finds itself already having to deal with domestic political critics.

The resolution, passed at a meeting of the Synod of the Berlin-Brandenburg Church in East Berlin, said the church leadership should urge the

Government to live up to the "travel regulations" agreed between East and West Germany in 1972 and to "expand them."

These provide for East Germans to be permitted to travel to West Germany in the event of serious illness, birth, death or marriage in their immediate family in the West.

Some 40,000 East Germans below retirement age are permitted to make such trips annually but many times the number are turned down.

The East German Protestant Church, has 6m nominal members.

Austrian credit curbs to stay

BY PAUL LENDVAI IN VIENNA

THE PRESIDENT of the Austrian National Bank (the country's central bank), Professor Stephan Koren, has paid tribute to the "better than expected performance of the external payments," but has dispelled hopes that credit restrictions will be eased.

Speaking to a Press conference yesterday, Professor Koren said that the current account deficit which last year improved sharply, dropping from Sch 29bn, to Sch 6bn, will rise again this year to Sch 15bn.

For the central bank the maintenance of the external payments equilibrium remains priority, calling for maintenance of the restrictive credit policy. He cautioned that gross investments last year had failed to rise and that there had been

no real improvement in the budgetary situation.

Meanwhile at a meeting reviewing the economic situation, the President of the Federal Chamber of Economy, Mr. Rudolf Sallinger warned that the slight economic upswing noted during recent weeks should not be overrated. The fiscal policy of the Government

Dutch unemployment falls

THE HAGUE — Dutch unemployment fell to 193,500 in April from 208,200 in March, compared with 211,900 in April last year, against 202,000 in April last year, provisional seasonally adjusted figures from the Social Affairs Ministry show. Unadjusted unemployment

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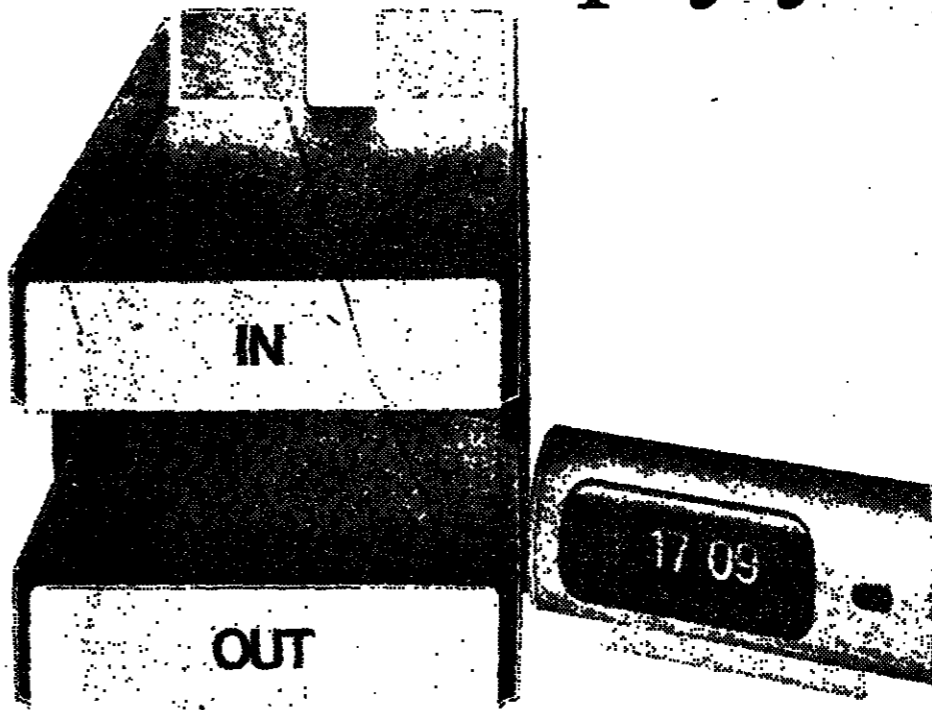
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Brighter outlook for Hong Kong

By Philip Bowring in Hong Kong

LATEST INDICATORS tentatively suggest the beginnings of a turn-round for Hong Kong's dangerously overheated economy. The trade deficit fell in March to HK\$1.1bn (£103m) from HK\$1.5bn in February. Domestic exports were HK\$3.8bn, re-exports HK\$1.5bn and imports HK\$6.5bn. The deficit is still considered uncomfortably high and on a quarterly basis is still growing in absolute terms. But the January to March quarter was the first for a long time in which the rate of growth of domestic exports at 31 per cent over 1978 exceeded that for retained imports which were 28 per cent up. Mr. Philip Haddon-Cave, Financial Secretary, said latest figures showed that money supply growth rate had fallen to an annual rate of 20 per cent. Bank lending was still up by 40 per cent but he predicted that the five increases in lending rate recorded so far this year "must begin to bite harder soon." In a move to help exporters cope with the high prime rate, currently 15 per cent, the Chartered Bank and Hongkong and Shanghai Bank announced that they would be prepared to lend at up to 1.5 percentage points below prime rate to finance imports of raw and intermediate materials by export manufacturers. In response to the better news the Hong Kong dollar recovered sharply yesterday to close at 5.12 to the U.S. dollar against 5.17 on Wednesday. But as a reminder of the inflationary impact of the local currency's weakness, the consumer price index for March rose 1.5 per cent, the same as February.

AFGHANISTAN'S YEAR OF SOCIALISM

Taraki struggles to survive

BY A CORRESPONDENT ON THE AFGHAN PAKISTAN BORDER

ONE YEAR after the bloody coup which brought him to power in Kabul, Mr. Nur Mohammad Taraki, Afghanistan's Soviet-backed socialist ruler, is still struggling to consolidate his authority over the whole country. The challenge to his unpopular regime's authority, bringing food shortages and discontent at home, has never been greater. His capacity to survive in power must now be in doubt. The biggest questions concern the loyalty of Afghanistan's largely conscript army. Last month part of the garrison in the western city of Herat joined hands with rebels who suddenly rose up against the Government. A massive ground and air operation was necessary to quell the revolt, and the loss of life was heavy. The more lurid reports speak of Russian advisers and their families being brutally slain in public as a warning to others. Then last week the loyalty question was raised again when soldiers in the eastern garrison town of Jalalabad rebelled against their senior officers and took a number of hostages. Trusted units complete with tanks surrounded the camp, but a few days later it was still not clear what exactly had happened. All that was certain was that Mr. Taraki had faced another serious threat to his position. For the Soviet Union these developments pose a particularly difficult problem, because they come on top of a widespread revolt in several provinces by Muslim villagers opposed to Mr. Taraki's rule and to Russian influence generally. The sporadic hit-and-run operations by these poorly equipped tribesmen offer no direct threat to the survival of the Kabul Government. But the paucity of results from its massive retaliation has almost certainly lowered morale in the armed forces, which have



Nur Mohammad Taraki

resisted the predations of the central governments anyway. Further south fighting has intensified in Paktia, particularly near the salient of land jutting out from Pakistan which offers the shortest route to the capital. In two large areas in particular local people are following the strategy used in Kunar, the only one possible under the circumstances: attack police and army outposts, create trouble and retreat to withstand the bombing raids and army sweeps launched in response. The added involvement of the ferocious Mohmand tribe in the province of Nangahar could tip the balance in the whole eastern

area. This tribe is said to be launching its own offensive against the Government following a special meeting earlier this month. The tangible results of putting in 50,000 armed Muslim tribesmen have yet to be seen, but no one doubts that it could be the most crucial development yet in one of the world's less well known guerrilla wars. The biggest problems the rebels face is a lack of ammuni-

Neighbouring Pakistan has taken strenuous measures to curb their activities inside its territories, where many of them can come and go as they please among the local people and among the thousands of refugees who have fled from Mr. Taraki's rule. Clashes are also reported from other areas, notably near Kandahar in the south, in the central province of Uruzgan and also in the north near the Russian border. Some of these have gone on for months, and in certain areas local villagers have reached understandings with the armed forces to avoid further trouble. Sometimes these have broken down, either through trickery or through the unexpected intervention of raiders from outside. The Kabul government has alleged that Pakistan is training the guerrilla insurgents and providing them material as well as moral support, along with the U.S., China and, of all countries, Egypt. Over the past month shelling incidents have occurred and jets of the Afghan air force have violated Pakistan's airspace. One even strayed Pakistani territory. Believing that the incidents and the propaganda are designed to provoke Pakistan, the Islamabad military government is sitting tightly, although its soldiers and pilots are anxious to respond. But Pakistan has no wish to tempt the Soviet Union, especially when it is unsure of what kind of support it has from any of its ostensible allies abroad. The Soviet Union may well be near the difficult decision of whether to respond to any request from Mr. Taraki for troops to back up the assistance already coming from thousands of Soviet military and technical advisers. Many people fear that the prestige factor may loom too large for Moscow to avoid further involvement.

China rejects Hanoi peace plan, puts forward its own

BY JOHN HOFFMANN IN PEKING

CHINA has dismissed a Vietnamese "peace proposal" as a fraud and put forward instead an eight-point framework for negotiations on hostilities between the two countries. The plan was announced simultaneously in Peking and Hanoi yesterday as negotiators began their second session of talks in the Vietnamese capital. The talks follow China's invasion of northern Vietnam in February, when 100,000 Chinese troops marched across the border in retaliation against alleged provocations and incursions by Vietnamese forces. In Peking yesterday, Zhong Xidong, a Vice Foreign Minister, said Vietnam's call for a demilitarised zone on the Sino-Vietnamese border, made while the Vietnamese were stepping up a "war atmosphere" on the frontier, was "nothing but a fraud."

His statement was a rejection of the Vietnamese proposal, which, he said, evaded the fundamental issues between China and Vietnam. The eight-point Chinese plan, Mr. Zhong said, was a proposal for handling relations between the two governments. The future prospects for successful negotiations would depend on how the Vietnamese co-operated and how they behaved. One of the Chinese points, certain to produce another stalemate in the Hanoi talks, demands that both sides should withdraw any troops stationed in other countries. This is a clear reference to Vietnam's occupation of Cambodia and will certainly be rejected by Vietnam. Other points unlikely to be acceptable to Vietnam, call for the resettlement in Vietnam of Chinese nationals expelled by Hanoi authorities last year, the

acknowledgement of Chinese sovereignty over Xisha and Nansha (Pratacel and Spratly) islands and a prohibition against either side providing military bases for other countries — a reference to the Soviet military presence in Vietnam. Mr. Zhong said he hoped the Vietnam would not abruptly reject the Chinese proposals as they were not conditions for continuing the negotiations. "If they were, we would have proposed them before agreeing to the Hanoi talks and we probably would not have gone there," he said. When the talks reopened in Hanoi yesterday, the Chinese negotiator, Han Nianlong, a Vice-Foreign Minister, said China had already freed a number of Vietnamese prisoners-of-war. He suggested that the exchange of remaining prisoners should be discussed by the Red Cross societies of both countries.

Syrian MiGs in show of strength

BY IHSAN HIJAZI IN BEIRUT

SYRIAN MiGs flew over Beirut and other Lebanese areas yesterday in a show of force and to provide an umbrella for Syrian troops against the danger of Israeli attacks. Syrian forces forming the backbone of the Arab peace-keeping force in Lebanon have stayed clear of the battle area south of the Litani river at the insistence of Israel, and have not been involved in fighting between Palestinian guerrillas and Israelis over the past four days. Relative calm prevailed in the South yesterday after an informal ceasefire had gone into effect on Wednesday night. It was arranged by the UN and the Palestinians and Israelis both said they would accept it. The truce does not cover guerrilla raids into Israel or Israel's policy of retaliation, such attacks. The two sides have agreed merely to abstain from shelling each other's positions. Four days of sea, air and artillery bombardment of South Lebanon by the Israelis has left 50 dead and 100 wounded. Of those killed 27 were Palestinians, including 10 guerrillas. The rest were Lebanese villagers. The Israeli action has driven 40,000 people from their homes. They have sought refuge in safer areas such as Sidon and Beirut.

Damage to Palestinian bases and weapons is minimal, according to diplomats who do not expect the Israeli attacks to deter the guerrillas from continuing the war. The ceasefire is not expected to last long and Israeli-backed Christian gunners yesterday bombed two villages in the South. Six people were wounded and power cables were destroyed. A number of Lebanese UN troops were also injured. Diplomats said Israel and its Christian allies, led by Major Saad Haddad, would like to drive the UN force out of the South so as to have a free hand in the border area. Major Haddad's unilateral declaration of independence earlier this month set off shock waves throughout Lebanon. Support by Christian leaders, such as ex-President Camille Chamoun, has clouded the atmosphere and killed recent hopes of national reconciliation. Co-ordination is now being arranged between Syria, the Palestinian Liberation Organisation and the Lebanese Left-wing Moslem alliance over the situation in the south. President Hafez Assad of Syria met Mr. Yasir Arafat, the PLO leader, and Lebanese Left-wing representatives in Damascus yesterday. A delegation from Iraq's ruling Ba'ath Party held talks with Mr. Arafat in Beirut on Wednesday. Dr. Saadoun Hammadi, Iraq's Foreign Minister, is in the Lebanese capital for talks with senior officials. Observers expect Syria and Iraq to play a bigger role in Lebanon, especially where the confrontation with Israel is concerned. At the same time, they may exercise a restraining influence on the Palestinians. It is thought that Syria does not want to be dragged into war with Israel in Lebanon through an escalation of Palestinian guerrilla operations. President Elias Sarkis of Lebanon has expressed anxiety about the Arab world leaving Lebanon to shoulder the burden of the Palestinians and the war in the South. "Lebanon cannot bear the responsibility of the Middle East conflict alone," he told the Cabinet on Wednesday. The daily newspaper An Nahar said yesterday that the President is planning to call for an Arab summit meeting to discuss the issue. Meanwhile Mr. Chamoun has called on the Palestinians to lay down their arms and to negotiate with Israel. His ally, Mr. Pierre Gemayel, leader of the Christian Phalange Party, has said Israel will leave Lebanon alone if Palestinian provocations stop.

SENEGAL'S ECONOMIC TROUBLES Crisis fuels unrest

BY SUSAN MORGAN, RECENTLY IN DAKAR

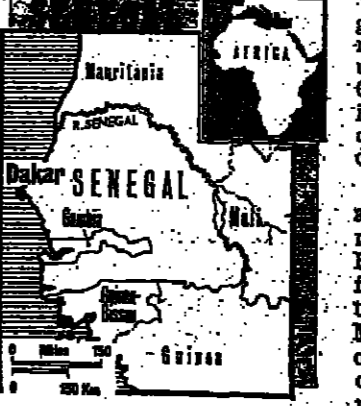
A YEAR after President Leopold Senghor set up a controlled multiparty democracy in Senegal — thereby reversing over a decade of one-party rule — tensions are growing. The coming year is likely to be crucial for President Senghor who faces a major challenge from both within his regime and without. The crux of the problem is threefold: mounting opposition to maladministration, the prolonged economic crisis and uncertainty about the future of Senegal in the post-Senghor era. At the centre of this is increasing scepticism about the relevance of Senghor's imported Western democracy to a largely rural populace which does not speak French. Criticism of the Government and of Senghor's artificial four-party system is growing from both the legal and illegal opposition, fuelled by the worst economic crisis since independence. The President is finding that once you permit a little democracy, people start demanding a lot. Significantly, recent Government setbacks have been mounted less from opposition parties than from affiliated trades unions. The Union des Travailleurs Libres du Senegal (UTLS) allied to the main parliamentary opposition party, the Partii Democratique Senegalaise (PDS) has been making considerable headway in shop steward elections, within Senegalese firms, while the Government-oriented union has been constantly handicapped by its support of austerity measures to combat Senegal's high inflation. So far, the President and his ruling Partii Socialiste are still in control — though internal friction is growing within the PS. This supremacy was endorsed by the presidential and legislative elections held last February. President Senghor was duly re-elected and the PS won around 80 per cent of the votes. But President Senghor's opponents were hampered both by their own internal divisions and by the head start of Senghor's own party — which enjoyed some 18 years of undisputed supremacy. In addition, opposition parties which have agreed to join Senghor's system are open to criticisms for "collusion." Those who have refused to have anything to do with it — such as a variety of Left-wing groups and the most important clandestine group of all, the Ras-

semblement Nationale Democratique, have suffered political restrictions as outlaws. (The RND has twice asked for official recognition, but this has always been refused.) Recently a number of these Left-wing groups (but not the RND) have banded together under former Premier Mamadou Dia. Opposition is directed, not only at the Government, but at Senghor's designated successor, the lanky and uncharismatic Abdou Diouf, as Premier. Diouf automatically takes over from the President under the revised Constitution. Last year, there was widespread speculation that Senghor, now aged 72, was

rising on the international political scene. As the succession debate goes on Senegalese youth are becoming increasingly critical and impatient with what they see as corruption and mismanagement, especially in the economy. Opposition to continuing French influence is also growing. Senegal's pro-western, anti-communist stance in West Africa depends very much on the personality of Senghor himself — a self-styled "black Francman." There was widespread opposition to sending 600 Senegalese troops to Shaba province in Zaïre last year as part of a UN African peacekeeping force and they want their country to take a more radical line in foreign affairs — instead of being aligned with the "moderate" stance of countries such as Morocco and Ivory Coast. They also object strongly to the presence of some 1,300 French troops on their soil. A further worry is the prolonged economic crisis. The situation was so bad last year that for a time the Government was even unable to pay civil servants. The principal cause was a recurrence of the Sahelian drought, halving output of food staples and groundnuts — the mainstay of the Senegalese economy and pushing the trade gap up to a record \$55bn. Senegal relies for industrial development on its key geographical position and relatively skilled workforce. But unlike neighbouring Ivory Coast, it has been unsuccessful in attracting foreign investment despite a liberal investment code. Worse, four key industrial and agricultural projects have met severe setbacks. The Dakar Free Zone attracted only one firm in its first two years and then went bankrupt; Dakar-Marine, intended to repair giant oil-tankers, was scaled down to carry out more modest naval repairs — but still has problems; the petrochemical and mineral complex at Kayar — originally funded by the Shah of Iran is now in a state of limbo. Finally, Senegal put great hopes into the development of the Senegal River Valley project — a joint project between Mali, Senegal and Mauritania which was to irrigate all three countries. The project's cost has soared



Abdou Diouf, Senegal's Prime Minister



Map of Senegal

about to step down. Instead, he declared last October that he intended to remain in office until his term legally expires in March 1983. At the same time, Senghor gave his full support to Diouf. For the first time Diouf can now appoint his own government officials, while his star is also

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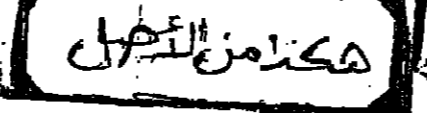
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Argentina sets free seven union leaders

Buenos Aires—The military Government has released seven of the labour leaders they arrested on Monday night to try to stop a general strike, but has transferred 21 others to a reported yesterday.

The seven were said to have been freed because they had not signed a declaration calling for a national day of protest today in the first attempted general strike since the military overthrew President Isabel Peron in March 1976.

The Government was reportedly preparing a decree placing the 21 detainees under the authority of the executive branch under the state of siege which has been in effect in Argentina since November 1974, when constitutional guarantees were suspended.

The imprisoned men, all representatives of unions that supported the late President Juan Domingo Peron, could receive prison terms of from three to 10 years.

In Geneva, the International Metalworkers Federation called on affiliated unions around the world to protest against the arrest of three Argentinian metal workers' leaders who were arrested and jailed.

Our foreign staff adds: A public appeal was yesterday made to the leaders of Britain's three main parties to confirm that human rights would continue to be a factor in British foreign policy.

Two relatives of the Anglo-Chilean businessman William Beausire, who was abducted by Argentinian secret police in 1974 and disappeared after being handed over to the Chilean authorities, urge the Government not to abandon "the determined effort to secure justice" for Mr. Beausire.

The Foreign Office has recently called for a "thorough and effective investigation into the fate of all missing persons in Chile." Opponents of the junta, which seized power in 1973 estimate that 2,500 people have since disappeared in Chile and at least three times that number in Argentina since the coup there in 1976.

The Foreign Office say that despite the Labour Party's concern over the present junta in Argentina, an ambassador will be sent there as soon as relations with Britain in 1976 over the Falkland Islands, sends an ambassador to London.

Brazil gives top priority to 'steel railway'

Rio de Janeiro

GENERAL Joao Baptista Figueiredo, the Brazilian President has ordered the revival of the country's \$1.327bn "steel railway" as a matter of top priority.

In 1976 a contract worth \$150m was signed with the British company GEC for the supply of a fixed electrical systems and some electrical equipment for locomotives on this new stretch of railway between Belo Horizonte, capital of iron ore rich Minas Gerais state, and Volta Redonda, the steel works centre in Rio de Janeiro state.

In 1977, work on the railway lost priority when alternative plans to improve and electrify the existing Centre Line were given preference.

That year, the transport authority negotiated with GEC to transfer their contract and equipment to the Centre Line on which the company has begun working.

The authorities have now decided to set up an integrated system combining the steel railway and the improved Centre Line, so as to meet the substantial increase in freight demand.

At present the Centre Line can only carry 25m tonnes of freight a year.

Robert Strauss's new job is explained by David Buchan

Helping the Carter ratings

WHITE HOUSE insiders say that when President Carter called in Mr. Robert Strauss some two weeks ago and said he had a special job for him over the next year, the former Democratic National Committee chairman started to demur and explain that really his fundraising days were over. "I'm not talking about the campaign, Bob, this is more important," the President butted in.

Indeed Mr. Strauss' new role as the President's representative, and U.S. "ambassador at large" to the forthcoming negotiations, with Egypt and Israel, on the intractable issue of Palestinian autonomy could well prove the best contribution he could make to Mr. Carter's re-election bid. That bid has not yet been formally announced, but there is no other explanation of Mr. Carter's appearance on Wednesday in New Hampshire, the first state to hold a primary election next spring.

It will allow Mr. Carter to spend more time at home on those tedious domestic issues which are known to make his eyes glaze with boredom, but on which re-election hangs. The rating given Mr. Carter for his handling of such problems as inflation is still abysmal. While the one foreign policy issue of overriding importance, the planned Salt arms treaty, requires the presence of both Mr. Carter and Secretary of State

Cyrus Vance in Washington if it is ever to pass the Senate.

If proconsul Strauss—already under fire from some Arab quarters for being Jewish—can pull off his mission impossible in the Palestinian talks, so much the better for the Emperor. But the negotiations will be long and difficult. According to the Camp David accords, they are supposed to be completed within 18 months of the signing of the treaty this month. U.S. officials feel the proper venue for the negotiations, due to start at deputy level in May, is out in the Middle East, now that both principals are at peace with each other.

Mr. Strauss has the President's trust. The 60-year-old Texan troubleshooter has been one of Mr. Carter's successes as trade negotiator in the GATT trade talks. Mr. Strauss may have failed as chief inflation adviser up to last autumn, but no one has done any better since.

Mr. Strauss has been criticised for being just a wheeler-dealer, with no power of conceptual thinking. But that attribute may not be key in these Middle East talks. He will, after all, be following basic instructions from Messrs. Carter and Vance. And he apparently hit it off personally with President Sadat and Prime Minister Begin whom he saw while leading a U.S. trade mission out there this month.



President Carter and Mr. Strauss on his appointment.

None of this, of course, obscures the fact that Egypt is now hopelessly isolated in the Arab world, the Palestinians refuse totally the idea of negotiation and what Israel is prepared to offer falls far short of even a remotely acceptable compromise on the West Bank. Mr. Strauss sees his Jewish origin as no obstacle to his mission—and it certainly was not for Dr. Kissinger. The religiously conscious rulers of Saudi Arabia might have taken exception to this, except they are not directly involved in the talks about the West Bank.

The American-Jewish community holds Mr. Strauss in high regard. They are to give him an award next month in New York. Since it is clearly Israel that will have to do most of the conceding if enough Palestinians are to be satisfied with autonomy in the Israeli-occupied territories, an American Jew may be the man to get them to do it.

Ecuador hustings peppered with insults

By Srita Kendall in Quito

ECUADOREANS GO to the polls on Sunday for the third time in 16 months to vote for a President and 69 Congressional representatives. Trying to bolster confidence in the return to democracy, Admiral Alfredo Poveda Burbano, the ruling junta's President, has repeatedly promised that the armed forces will respect the election result.

Even if the military is prepared to abide by the vote, the powerful economic and political Right wing is likely to show some sharp claws should Sr. Jaime Roldos Aguilera, the Popular Forces candidate, win the Presidency. Their own man, Sr. Sixto Duran Ballen, of the Social Christian Party, is attempting to match Sr. Roldos Aguilera's popular appeal with an image of experience and security.

Sr. Leon Febres Cordero, a prominent Guayaquil businessman running for Congress, accused the Popular Forces candidates of connections with the devil. In reply he was labelled a "white version of Idi Amin."

The Interior Minister responsible for last year's electoral organisation, General Bolivar Jarrin, will be facing a military court on Thursday. He has been implicated in the murder of Sr. Abdon Calderon Munoz.

Steel strike disruption

BY JOHN WYLES IN NEW YORK

SOME U.S. steel production is being increasingly disrupted because of a strike by steel hauliers who are defying an instruction from their union, the Teamsters, to return to work.

Negotiations on a new contract for the steel delivery drivers were concluded last Sunday, but the agreement features as a rider to the main freight agreement which ended the general road haulage strike earlier this month and the Teamsters requires its members to vote on the full agreement.

The recalcitrant steel drivers are demanding the right to a separate vote on the section of the agreement relevant to them, and earlier this week an important union branch in Pittsburgh rejected an instruction to return to work.

In addition some of the

drivers belong to a separate group called the National Steel Carriers Association, which has rejected the proposals accepted by the Teamsters and is calling on federal mediators to help it reach a settlement with some 50 companies.

Several thousand steelworkers in West Virginia, Ohio and Pennsylvania have been laid off because of the steel companies' inability to stockpile any more of their product. None of the companies has yet cut back on basic steel production but finishing work is becoming a growing problem at National Steel, Armco, and Bethlehem Steel.

Some users of finished steel are also feeling the pinch and there are anxieties that a range of engineering output may soon be curtailed in parts of the Midwest.

Clark rejects referendum

BY VICTOR MACKIE IN OTTAWA

MR. JOE CLARK, the Canadian Progressive Conservative leader, said yesterday that if elected Prime Minister, his Government would reject any Quebec referendum vote for independence, even if this decision drives a few nationalists to acts of violence.

Mr. Clark said he would refuse to allow Quebec to separate, either by the ballot or the bullet; but he rejected the possibility of using troops to keep the province within Canada. "The province of Quebec cannot vote its way out

of Canada," said Mr. Clark. Mr. Pierre Trudeau, the Prime Minister, and Quebec federalists such as Mr. Claude Ryan, the provincial Liberal leader, have repeatedly stated that while they reject independence, they recognise Quebec's right to decide its own future in the Canadian federation.

Meanwhile, New Democratic Party leader, Mr. Ed Broadbent, has announced that an NDP Government would subsidise mortgage interest rates for families with average yearly incomes of less than C\$30,000.

BARCLAYS BANK HELPS INDONESIA (AND PYE TVT AND MARCONI) DEVELOP A 3000 MILE TV NETWORK

Barclays Bank International provided finance for the Indonesian Government to expand its Regional television services into a National satellite linked network. Major contracts were awarded to the British companies Marconi Communication Systems and Pye TVT, who are world leaders in the design and installation of television systems.

Barclays in Jakarta was involved

in setting up a loan to Indonesia in support of the contracts which brought national television to Java, Sumatra and Kalimantan.

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BARCLAYS International

Tokyo refuses to make further procurement offers

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE ATTEMPT to resolve all outstanding trade disputes between Japan and the U.S. before Prime Minister Masayoshi Ohira visits Washington next week for talks with President Carter was abandoned yesterday when the Japanese Government decided to make no further concessions to the U.S. on the vexed issue of procurement liberalisation.

Japan presented its third, and apparently final offer on procurement this week, but the offer was deemed "unsatisfactory" by Mr. Robert Strauss, the President's special trade negotiator.

American dissatisfaction stems not from the \$7bn value of procurement contracts which Japan proposed to throw open to international bidding but from the "quality" of the Japanese offer. What this means is that U.S. trade officials doubt whether the product areas to be liberalised by Japan are those in which U.S. industry is most competitive.

The crucial point in the procurement dispute involves purchases of "main line" telecommunications equipment by the state-owned Nippon

Telephone and Telegraph Corporation where Japan has offered partial liberalisation and the U.S. is pressing for complete freedom of access for American companies.

The question of liberalising Government procurement is included in the agenda for the almost completed GATT trade talks and was originally raised by the U.S. in this context. Both countries, however, now seem essentially separate from the GATT talks, in part because of European reluctance to subscribe to a multilaterally binding procurement liberalisation code as part of the GATT package.

This means that talks on procurement can, in theory at least, drag on indefinitely between the U.S. and Japan.

In practice strenuous efforts will probably be made to get the issue settled before the summit of heads of state of advanced industrial countries, which is due to be held in Tokyo in late June. One way to achieve this could be for President Carter to arrive in Tokyo ahead of other leaders for last minute bilateral consultations with the

Japanese Government.

Mr. Ohira was said to have made up his mind this afternoon to refuse to hold any discussions on the procurement issue during his visit to Washington next week even if the U.S. makes an attempt to return to the subject.

Topics that the Japanese do seem prepared to discuss during the summit—the first to be held since the advent of the Ohira Cabinet last December—include energy problems, north-south relations and technological co-operation.

In addition, a \$2bn technology agreement committing the U.S. and Japan to joint participation in the development of nuclear fusion, coal liquefaction, and high energy physics is expected to be signed during the visit.

Topics likely to be raised by the American side include Japanese contributions to American-sponsored aid programmes for Turkey, Egypt and Israel and Japanese defence spending. All are sensitive topics, especially the request for Japanese participation in aid to Israel.

Japan, U.S. and USSR agree on gas pipeline

TOKYO—Japan, the U.S. and the Soviet Union have agreed on a plan to lay a pipeline from the Siberian district of Yakutia to the Soviet far eastern port of Olga near Nakhodka to transport natural gas to Japan and the U.S., according to officials close to the Japanese Soviet economic committee.

The agreement was reached at a meeting of Japanese and U.S. business leaders and Soviet Foreign Trade Ministry officials held in the U.S. last month, and is expected to facilitate implementation of the \$4bn (\$2bn) project.

The three countries will probably hold a full meeting in mid-1980 to formally launch the project which is designed to supply the U.S. and Japan with 1bn cubic metres of natural gas each with the gas liquefied at Olga.

Japan and the U.S. are expected to supply equal amounts of bank-to-bank loans for the procurement of steel pipes, excavators, liquefaction plant, and other necessary equipment.

Reuters

French truck sales fall in March after brief recovery

BY TERRY DODSWORTH IN PARIS

BY Terry Dodsworth in Paris THE FRENCH heavy truck market went into a steep decline in March after a slight recovery in the first two months of the year. Sales dropped by 3.4 per cent, compared with the same month last year, to 3,890 units, bringing the average fall over the first three months of the year to 1.5 per cent (11,369 units).

The statistics bear out the feelings of the manufacturers that there will be no significantly improved in the truck market until later this year.

Sales have been depressed in this sector for the last two years, causing heavy losses

among the lorry manufacturers. This year the producers have had to continue cutting output, which went down by 5 per cent in March to 4,490 units, and has dropped by 6.5 per cent over the first quarter to 12,380 vehicles.

Slack export markets have also contributed to the problem. Last month sales overseas fell by 23.6 per cent to 1,990 units (although this compared with an exceptionally good month last March), and during the first three months they have dropped by 6.5 per cent to 12,380 vehicles.

A brighter picture is emerging, however, in the market for

small commercial vehicles of less than 6 tonnes. Registrations continued to move up sharply in March, with a 9.5 per cent improvement on the same month last year to 25,950 units. Over the first three months, the increase has been 8.9 per cent to 72,580 vehicles.

Despite these improvements, the manufacturers have still cut production, which fell by 4.6 per cent last month, to 34,500 units, and over the year is down by 3 per cent to 96,900 vehicles.

This is mainly because exports have fallen. In the first quarter of the year they are down by 8 per cent to 25,350 units.

Swedes to develop new missile

By Victor Kayfetz in Stockholm

SWEDEN'S MINORITY Liberal Party Government yesterday approved an order worth roughly SKr 1.3bn (\$295m) to the Saab Bofors Missile Corporation for development and production of an entirely new Swedish anti-ship missile, to be called Robot 15, with deliveries to the Navy beginning about 1984, and to the Air Force at a later date.

The decision means Sweden will not buy the American Harpoon missile which it had considered and which McDonnell Douglas could have begun delivering by 1981.

A Defence Ministry spokesman said the order to the newly-formed Swedish company—with the automotive and aircraft group Saab-Scania and the armaments, chemicals and steel group Bofors as half-owners—will consist of two stages each costing about the same.

The first stage is development and delivery of missiles to equip Swedish navy Spica-type torpedo boats with eight missiles apiece by the mid-1980s. The second is to supply missiles to the Air Force.

"The Navy and Air Force will have to share the development cost of Robot 15," the spokesman said.

Sweden-Canada paper collaboration plan

BY VICTOR KAYFETZ IN STOCKHOLM

MOELNYLCKE, a subsidiary of the Swedish conglomerate Svenska Cellulosa, today announced preliminary agreement with the Canadian company Scott Paper on collaboration in manufacture and sale of disposable products for hospitals in Canada.

A formal contract is expected by mid-year and operations, to be carried out in a company called Sanelia in which Moelnylcke and Scott Paper each own 50 per cent, are scheduled to begin late this year.

Scott Paper, Canada's largest producer of soft paper products, has for some years also sold special products to hospitals and other health care institutions. These operations will be part of the newly-formed company, Moelnylcke said.

Every seventh tonne of rolled steel in the Soviet Union comes from a SKET plant, and 30 per cent of Comecon's cement is produced in SKET factories.

Herr Dieter Raue, SKET's deputy director-general, said 80 per cent of SKET production is exported, two-thirds of this goes to Comecon countries and one-third to the West. Turnover is DM 1.5bn.

The high proportion of exports to Comecon, with the bulk destined for Russia, means SKET has no problems finding a buyer for its product.

"The USSR is a market which Western companies dream of," Herr Raue said, but SKET was also interested in expanding its construction of turbine plants outside Comecon, mainly in developing countries.

Unlike Karl Zeiss, SKET does

THE EAST GERMAN BUSINESS APPROACH

Comecon dominates but more Western contacts sought

BY LESLIE COLTIT IN EAST BERLIN

EXECUTIVES at three of East Germany's largest industrial companies have given their seldom-heard views on oil prices, as well as on Western allegations of dumping, and on the chances of forming consortia with Western companies.

The comments, made in a series of interviews with the country's socialist managers, came following recent talks between East Germany's leaders and Count Otto Lambsdorff, West Germany's Economics Minister, on ways of increasing intra-German trade and economic co-operation.

Herr Siegfried Huelss is the deputy director-general of the Foreign Trade Department of Karl Zeiss Jena, the optical and precision engineering combine, which was a prestige name in pre-war Germany.

"Our company motto is 'The future begins today,'" said Herr Huelss, which sets his company apart from most in East Germany, where factories display slogans such as "Learning from the Soviet Union means learning to win."

At KZJ, 30 per cent of the products are said to be high-technology ones, with 70 per

cent up to international standard. "We have set the pace in the formation of industrial combines," Herr Huelss said, adding that one of the advantages is that "research, production and foreign trade are not separated."

The goal, he explained, is for a product to take no longer than 33 months to develop.

KZJ, with its 44,000 employees, is one of East Germany's biggest exporters, with 80 per cent of its output sold abroad. Half of this goes to Comecon countries, and the other half to capitalist and developing countries.

After a bit of prodding, Herr Huelss said that the company's turnover is some DM 2bn (£500m), adding that the company earns 33 pfennigs on the mark. Normally, even sales figures in East Germany are shrouded in secrecy.

Under its director-general, Herr Wolfgang Biermann, and a member of the East German Communist Party's central committee, KZJ has gained a reputation for getting things done.

When the Soviet Union wanted a high-performance, multispectral camera for its Soyuz 22

mission in September, 1976, KZJ was chosen to build it. The project ran into difficulties and Herr Biermann was brought in to complete the task on time.

A modified version of the camera, for multi-spectral aerial photography, is now in the company's sales catalogue.

According to Herr Huelss, KZJ researchers are paid a bonus according to "how high the profits are" for the product they develop, and Herr Biermann "has the right to determine the right of the extra bonus."

The average monthly wage at the concern is "just under 1,000 marks"—plus a year-end bonus equivalent to a monthly wage.

Not unexpectedly, Herr Huelss praises cooperation with Soviet research institutes and notes that the Soviet market is the company's primary one, "as we need roubles as much as D-marks and dollars."

He quickly added, however, that "we are equally interested in increasing our contacts with Western countries, and we offer consortia opportunities to Western companies—for

example, to co-operate in third markets."

In Libya, he noted, KZJ is directing a planetarium and has designed the building which is being put up by the Swedish company SIAB. KZJ has also delivered a planetarium to Wolfsburg in West Germany, home of Volkswagenwerk, in part payment for 10,000 VW Golf vehicles bought last year by East Germany.

Herr Huelss recently had talks with Count Lambsdorff when he was in East Germany, and said KZJ had also had a visit from a large Western company. "We both have some ideas," he said, adding that Central America or Algeria might be the location for a joint project.

Dr. Dieter Krug is the director for Procurement and Sales of the Leuna combine,

one of the largest chemical companies in East Germany, where 30,000 employees turn out 400 different products. Leuna, he noted, was already producing ammonia for I. G. Farben during World War One, and Leuna II was built in the 1950s.

Today Leuna still synthesizes ammonia for fertilisers, produces methanol, and refines a range of fuels. Among several other East German awards, Leuna received a gold medal at the Leipzig Fair for its 98 octane petrol.

"The USSR is our main customer for chemicals," Dr. Krug said, "to pay for the oil and gas we get from the Soviet Union."

He says that next year East Germany will pay only one-fifth of the recent OPEC oil price rise for the 19m tonnes of oil

East Germany is to receive from the Soviet Union. The price, based on a sliding five-year average of the OPEC price, gives a company such as Leuna a competitive advantage; but Herr Krug was quick to add that the East German is feeling the burden of the higher oil and gas prices it is paying.

"The fact that Leuna gets its oil cheaper than Western competitors does not mean we engage in dumping. We would simply cause trouble for ourselves if we were to dump products in Sweden or West Germany. Our quality, adherence to delivery terms and our world market prices make us competitive," he said.

In 1927 Leuna attracted considerable attention when it began the hydrogenation of coal to produce so-called Leuna petrol. It stopped turning out the synthetic petrol in the early 1950s when "it looked as if oil was a product which would never stop flowing."

East Germany's largest heavy engineering combine, the SKET works in Magdeburg, was 80 per cent destroyed in 1945, and rebuilt with the "selfless sup-

port of Soviet experts." SKET stands for the Ernst Thaelmann heavy engineering works, and since 1945 the company has produced 350 steel rolling mills, 300 cement plants and 1,000 metallurgical and heavy load cranes, along with tens of thousands of other wire and cable machines.

Every seventh tonne of rolled steel in the Soviet Union comes from a SKET plant, and 30 per cent of Comecon's cement is produced in SKET factories.

Herr Dieter Raue, SKET's deputy director-general, said 80 per cent of SKET production is exported, two-thirds of this goes to Comecon countries and one-third to the West. Turnover is DM 1.5bn.

The high proportion of exports to Comecon, with the bulk destined for Russia, means SKET has no problems finding a buyer for its product.

"The USSR is a market which Western companies dream of," Herr Raue said, but SKET was also interested in expanding its construction of turbine plants outside Comecon, mainly in developing countries.

Unlike Karl Zeiss, SKET does

all its foreign trade through a foreign trade organisation. "The advantage is that the State can use its foreign trade monopoly centrally."

He reacts swiftly when asked whether East Germany is able to improve on the technology it imports from the West. "We specialise in new technology, and have sold licences to Babcock and others for cement presses and machinery. We in the GDR aren't idiots; we will improve the products we buy from the West."

Herr Raue said that SKET must export "intelligence-intensive products—that is, made-to-order plants." That is "exactly the same" as West German companies, which also speak of exporting factory blueprints instead of mass-produced products.

"We are interested in co-operating with companies that supplement our own," he said, noting that "there is talk of Krupp and some others."

From 1983 to 1985, Herr Raue's heavy engineering plant was called Fried. Krupp Grusonwerk, and was part of the Krupp group.

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Ban on clothing imports questioned by Canada

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Cabinet went beyond its powers when it banned indefinitely the import of certain men's and boys' wear, according to the Federal Court in a judgment which could hamper the Government's efforts to protect domestic manufacturers from low-cost imports.

The decision by Justice George Addy of the Federal Court, issued yesterday, refers only to men's and boys' dress suits, jackets, sport coats and blazers. But he said it could also affect other items placed on the Government's import control list.

The Government immediately announced that it will launch an appeal, and as a result the import ban on men's and boys' clothing remains in effect until the appeal is heard.

Under the Export and Import Permits Act, the Government has the power to restrict imports that a equal, cause or threaten injury to domestic producers of competitive goods. The restriction usually comes after a report to the Federal Textile and Clothing Board of the Government's Anti-Dumping Tribunal.

Mr. Justice Addy said the Federal Act empowers the Cabinet only to limit the import of certain goods and within a time limit. He said the Cabinet had failed to impose any limitations on the quantity of men's and boys' wear to be controlled, nor did it say how long the import ban would be imposed.

Dispute over new fibre

AMSTERDAM — ENKA sees no reason, in the light of present knowledge, not to proceed with a potential new fibre plant, despite possible patent problems involving the Du Pont de Nemours group, an Enka spokesman said in Arnhem yesterday.

Enka, part of the AKZO group, will decide at the start of 1980 at the earliest whether to build a factory costing F1150m to F1200m (£35m to £47m) to produce a new synthetic fibre, Arsenka. The fibre which is said to have the strength of steel but is seven times lighter, is intended for use in industrial fibres—such as in airships and tyres.

A spokesman for Du Pont (Nederland) said Du Pont feels it has a proprietary position with regard to patents on aramid fibres of the type Enka may produce. Du Pont has already developed and produced such fibres under the Kevlar brand name on a commercial scale in the U.S. and has had

informatory talks with the Dutch Government on the situation concerning them, he added.

The Enka spokesman said his company would like government financial assistance to help meet the costs of the plant, if a decision to go ahead is made, and has made contact with the Government.

The question of a new plant is separate from proposals for structural improvements and modernisation at Enka's Emmen plant, for which Ft 150m Dutch State assistance is being sought, the Enka spokesman said.

However, a new fibre plant could be operational at Emmen at the start of 1983 and offer work for some 280 workers, while the Emmen reorganisation plans involve a trimming of current workforce there to 3,000 from 3,500 in the early 1980s, he said.

On the subject of patents, he said there are few unique products in the fibre industry. Reuter

Nippon to import aluminium

BY YOKO SHIBATA IN TOKYO

NIPPON Light Metal, Japan's only and largest integrated aluminium smelter-roller-processor, is to import more aluminium ingots from Alcan of Canada to replenish a shortage of ingots resulting from the scrapping and freezing of smelting facilities.

The Japanese aluminium industry has been designated as a structurally-depressed industry, suffering mainly from over-capacity, and a Government stabilisation plan calls for the scrapping or freezing of 530,000 tons, or 32 per cent of current annual capacity of 1,640,000 tons, by the end of March, 1980.

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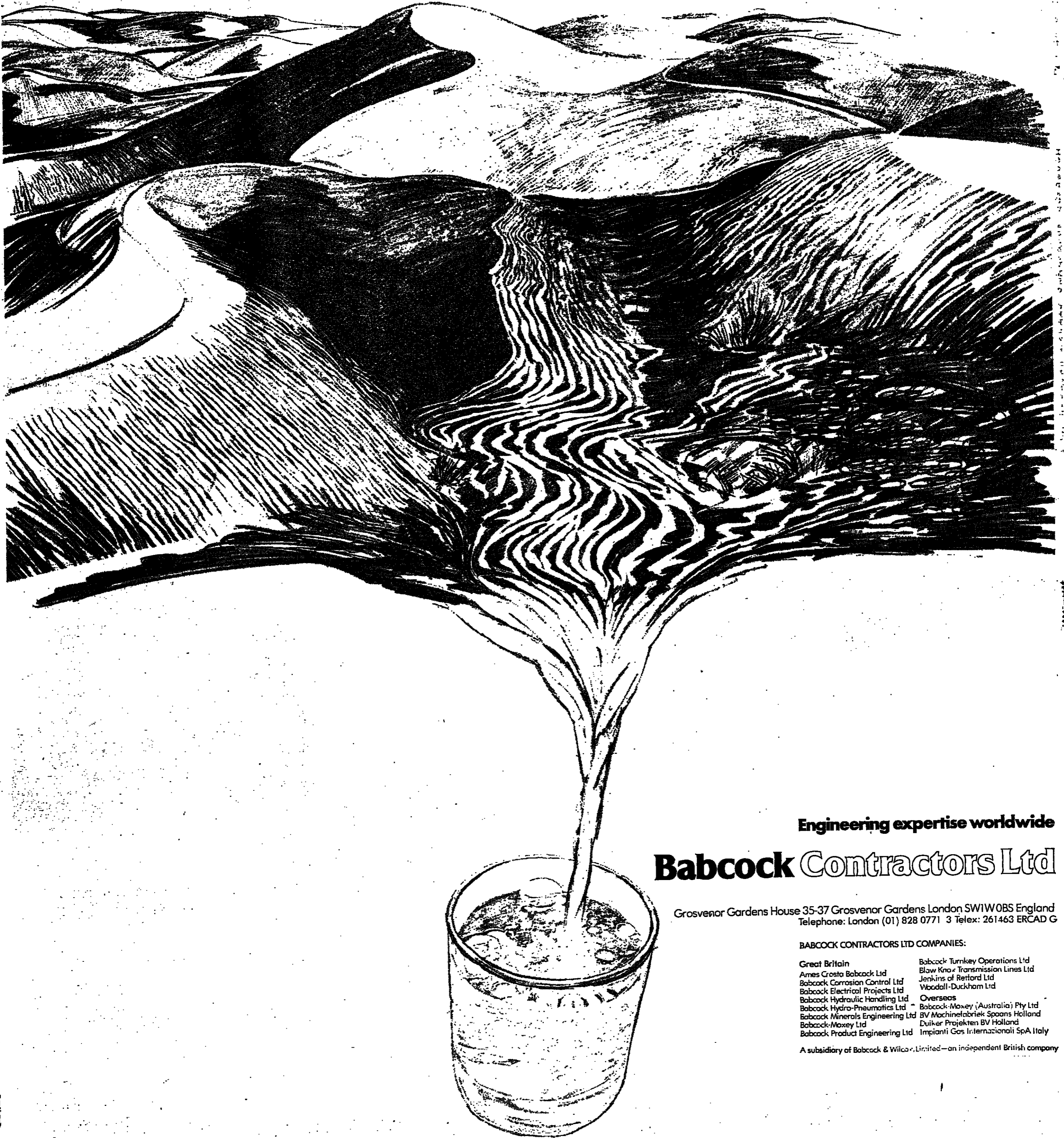
The companies now together within the Babcock Contractors Ltd group already provide a complete contracting service to a wide range of industries, including chemical, coal, steel, oil refining, mineral, power and electrical generating and distribution industries, while specialised technologies include every aspect of the treatment of water before and after use.

Making pure water flow in the desert is one such example. An imaginative scheme incorporating a £70 million treatment plant at Buwayb, Saudi Arabia, for the supply of 65,000 cubic metres of potable water per day to the capital, Riyadh. A project undertaken and now nearing completion by Ames Crosta Babcock Ltd, in association with Ajax International Corporation of Santa Barbara, California. It is believed that this is the highest value contract ever awarded for a turnkey water treatment plant.

A key element in the overall system is an application on a massive scale of desalination by reverse osmosis.

The plant at Buwayb is one of the largest of its type to be installed anywhere in the world. Ames Crosta Babcock Ltd is one of sixteen companies within Babcock Contractors Ltd. All in all, it means that from now on, for a complete contracting service, wherever the job, you can keep the same good company all over the world. Babcock Contractors Ltd.

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Lloyd's group talks on Merrett

BY JOHN MOORE

THE THREE-MAN action committee of the Lloyd's of London underwriting syndicate, formerly headed by Mr. Frederick Sasse, has called a meeting of the 110 members of the syndicate on Wednesday at Lloyd's.

The syndicate members, who are facing £13.6m of losses, will discuss the planned resignation from the management of the syndicate of Mr. Stephen Merrett and his company Merrett Dixey Syndicates.

Merrett Dixey said yesterday that it was resigning from the management, which it had taken over last year from Mr. Sasse at the request of Lloyd's when the syndicate ran into trouble because its position had become untenable.

Merrett Dixey said time which should have been spent by the agent to recover money for the syndicate had been taken up by lengthy negotiation and arbitration between Merrett and the 16-strong ruling committee of Lloyd's.

"We have 2,253 members on our own marine syndicates," said Merrett Dixey yesterday, "and they were concerned at the length of time that was being spent on the problem."

Merrett Dixey was also concerned that since it had taken over the Sasse syndicate at Lloyd's request the problems were more serious than had first appeared.

Merrett Dixey discovered that the syndicate was facing losses of £13.6m and that the accounts had been so seriously misstated that the City of London Police Fraud Squad had to be called in. The police investigation is still continuing.

Unless Lloyd's acts to appoint a new managing agent for the syndicate, under the terms of Merrett Dixey's contract the management of the syndicate will revert back to Sasse Turnbull, Mr. Frederick Sasse's managing company which looked after the affairs of the syndicate.

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Irvine leaves £60,938

FORMER Solicitor-General, Sir Arthur Irvine, Labour MP for Edge Hill, Liverpool, from 1947 till his death last December, aged 69, left £60,938 gross (£53,189 net) in his will published yesterday.

Court ruling today on NEB joint computers venture

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A HIGH COURT ruling is to be given this morning over whether the National Enterprise Board has exceeded its powers in its attempts to secure a joint computer venture between one of its subsidiaries, Data Recording Corporation (DRI), and a U.S. corporation.

At the same time, the National Research Development Corporation is expected to sell its 24 per cent stake in DRI to the NEB if the American deal goes through.

These are the latest developments in a long-running battle between DRI, which is now 63 per cent owned by the NEB, and Grundy (Teddington), which founded DRI 25 years ago and still holds a 13 per cent stake.

Last night Mr. Stanley Grundy, chairman of Grundy (Teddington), said that DRI had been "unsuccessful" since it was taken over by the NEB in 1976 and had cost his group "millions of pounds." He wanted a "full investigation"

into why DRI had "lamentably failed."

The occasion for his complaints is a deal now being finalised by the NEB for DRI to link up with Computer Data Corporation (CDC) of the U.S. to make computer peripherals.

The NEB already has nearly £5m invested in DRI and is planning to inject a further £8m into the new Anglo-American venture. On Monday, Grundy gained an ex parte interim injunction restraining the NEB from finalising the deal but yesterday failed to obtain full confirmation on the injunctions. It now plans to appeal.

In the meantime, however, the NEB tried to end the dispute by offering to indemnify DRI directors against any damages claim that might be brought by Grundy if it were held at an eventual full trial that they had acted improperly in signing the deal with CDC.

Grundy, however, claimed that the NEB was exceeding the

powers contained in its statutory guidelines by making this offer because such a matter of policy would have to be reported first to the Secretary of State for Industry.

The NEB is expected to reply to this point this morning and a temporary injunction is remaining in force till this has been done.

Further legal action might then be started by Grundy in an attempt to block the deal for a further period.

Grundy's basic complaint during the injunction hearing has been that DRI directors have been influenced by the "national interest" and not their shareholders' interest in drawing up the American deal. Grundy opposed the deal on the grounds that its prospects were uncertain. It was expected to make losses over the next two years whereas DRI, if left alone, was expected to make profits of about £1.2m for the same period.

Last night, Mr. Grundy said he believed it "should be possible to restore DRI as a fully British company to its prominent position in Europe as the manufacturer of disc stores, given the right management."

The DRI directors have answered that, without the American deal, DRI would probably decline as its technology became out of date.

Mr. Justice Vinelott said in the High Court he was satisfied there was a real risk that CDC might withdraw if the contract was not signed soon, with serious consequences for DRI and its employees.

The proposed new venture was essentially a matter for commercial judgment. The undertaking offered by the NEB to indemnify the DRI directors had reinforced his view that the full injunction should not be granted.

It was after the judge had said this that Grundy decided to challenge the NEB over its right to offer such an undertaking.

London port loss doubles to £17.6m

BY LYNTON McLAIN

THE PORT of London Authority's losses more than doubled to £17.6m last year and the management has reaffirmed that closure of the Royal Docks is the only way to commercial viability.

The authority is technically insolvent. Sir John Cuckney, the chairman, said yesterday on publication of the annual report for the year to the end of December. Reserves have been exhausted, leaving an accumulated deficit of £5.5m, compared with an £18m reserve three years ago.

The authority's closure plan for the Royal Docks, called for in May, was rejected by Mr. William Rodgers, Transport Secretary. He offered, however, £35m of state aid to meet the cost of running down surplus dock labour by severance on condition that the authority presented a detailed costed plan for the port's future.

More than 320 workers were made redundant last year and the target of 1,489 called for in the authority's short-term plan requested by Mr. Rodgers, is expected to be met on time by the end of June.

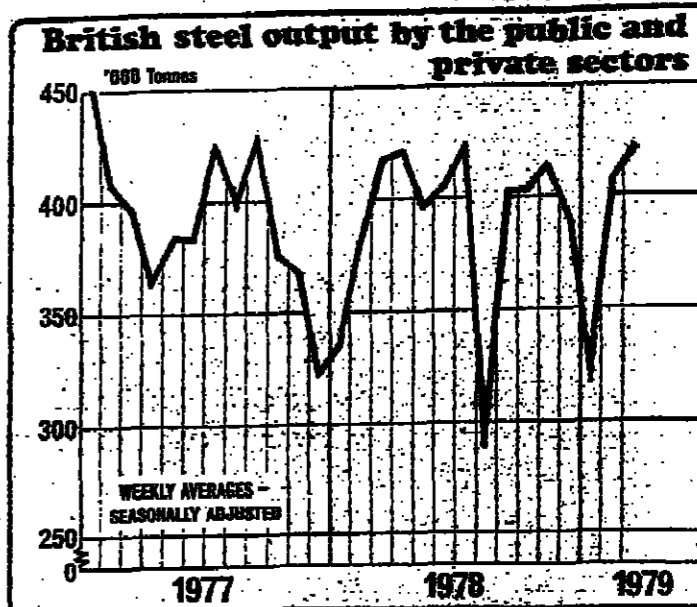
Sir John said the Upper Docks continued to be an "unsupportable drain on our resources." They include the India and Millwall Docks, and lost £9m over the year, before taking account of general overheads and interest, with the Royal Docks accounting for £5m of that total.

Part of the decline was attributed to a 20 per cent fall in conventional cargo tonnage handled by the Upper Docks. The port as a whole lost 1.5m tonnes of cargo, resulting in an average loss in trade of 3 per cent compared with 1977.

The authority made a profit of £370,000 on operating revenue of £77.3m, compared with £3.5m on a turnover of £71.5m in 1977.

Interest payments of £6.8m and overheads of £6.5m contributed to the total loss for the year of £12.7m after taking account of restructuring costs and £4.9m of government severance aid.

Talks are under way with the unions on detailed long-term plans. The option favoured by the authority involves a further cut in the workforce of 2,700.



Steel users start to build up stocks

BY ROY HODSON

STEEL USERS and wholesale stockholders are starting to build up steel stocks for the first time for more than a year. Steel producers—both the British Steel Corporation and the private sector companies—are taking the new trend as a sign that the industrial economy may be starting to pick up.

British Steel last night welcomed the higher rate of steel ordering as the best news for a long time.

The corporation's production is now being held at the highest level for a year.

Mr. Gordon Sambrook, commercial director of the corporation and a Board member, said the forward prospects for business were also looking better than they had for a long time.

The good March steel production figures for both the public and private sectors reflected a rush by steelmakers to catch up with a backlog of orders caused by the road and rail disputes and the bad weather of the early months—two factors which disrupted distribution.

But Mr. Sambrook believes there is an underlying improvement in demand for steel after

all special factors are taken into consideration.

Delivery dates for some steel products are already stretching several weeks ahead as order books are filling.

The main danger to a steel recovery in Britain now must be the prospect of bigger steel imports.

Imports are a serious problem for British Steel—particularly in the flat-rolled products market—as many users of sheet and strip steels import from Europe to ensure continuity of supply.

There is much over-production of flat-rolled steel in the European Economic Community and the British market has proved a soft target for surplus supplies.

Officially, steel analysts estimate that British Steel is supplying only about half the British market for flat-rolled products for the remainder of the year.

British Steel is likely to report losses of between £350m and £380m for the financial year to end March 1979. Its prospects for significantly reducing losses in 1979 depend on a better flow of orders from the home market, together with continuity of production.

Pearson Longman award

By Tim Dickson

PEARSON Longman and Record Ridgway have won the 1979 Accountancy Stock Exchange Annual awards for public company reporting.

The awards, formerly known as the Accountancy annual awards, are for reports and accounts presented at annual meetings and are judged by their form and content with particular reference to the adequacy and

presentation of information.

Pearson Longman, which also owns the Financial Times Westminster Press and Longman Penguin, won the award in the large company section. Record Ridgway, which is engaged in the manufacture and sale of hand tools and forgings, took the award in the small companies' price

Vehicle output up 16%

PRODUCTION of commercial vehicles in the first quarter of 1979 rose by 16 per cent compared with the same period last year, according to Department of Industry figures published yesterday.

Production for the home market rose by 30 per cent to 71,591, but the export total fell by 1 per cent to 48,307.

A total of 119,898 commercial vehicles were produced between January and March compared with 103,682 during the same period last year.

Recorded production of cars in the first quarter of 1979, at 325,364, was 9 per cent below the total of 358,491 in the corresponding period of last year. Production for export fell by 20 per cent and for the home market by 2 per cent to 206,389 making a total number of 325,364 cars being produced in the period compared with 358,491 in the same period last year.

But seasonally adjusted production for cars in March was 8 per cent above the 1978 average.

Chemical imports up 18%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL IMPORTS to the UK rose in volume by 18 per cent last year while import penetration of the British chemicals market went up from 28 per cent in 1977 to 32 per cent in 1978, according to figures released today in the official publication Trade and Industry.

But the UK maintained a positive trade balance of £1.4bn in chemicals last year—about the same as in 1977. Exports, which were worth £4.5bn, rose in volume terms by about 10 per cent. Imports of chemicals were worth £3.1bn.

UK chemicals output rose by 1 per cent overall last year compared to 1977. But the growth rate in soap and detergents was higher while the synthetic rubber, dyestuffs and pigments industries appeared to have had "a difficult time."

Trade and industry says the UK chemicals sector "continued to be affected by worldwide over-capacity for some products which resulted in artificially low prices, intensified competition and an increase in imports."

It adds that the recent uncertainties over supplies of raw materials and over the price of naphtha—a basic petrochemical feedstock—have "added to the anxieties of the industry."

Last year—prior to the

dramatic increase in naphtha prices which only started to take effect this spring—the cost of materials and fuel used by the UK chemical industry went up by 4 per cent. Trade and industry says this is "a very significant reduction from the 20 per cent increase in 1977."

But it adds that this low rate of increase is unlikely to continue for much longer.

Investment in UK chemicals went up by 20 per cent last year and topped the £1bn mark for the first time. The rise was the highest since the peak year of 1970 and it is expected that real investment in 1979 will be at a similar level.

Tesco plan to revive dockland

FINANCIAL TIMES REPORTER

A COMPREHENSIVE new strategy to regenerate the decaying dockland area of London was put forward yesterday by the Tesco supermarket chain.

In written evidence to the environment sub-committee of the Commons Expenditure Committee, Tesco suggests that retailing could be the key social and economic generator of new life in the docklands.

Tesco was one of the first supermarket chains to transfer its superstore development from out-of-town sites and actively seek inner city sites for development.

In its evidence, Tesco says that retailing "could play an important physical, economic and social role in the regeneration of Britain's depressed, inner urban areas." The physical role would be achieved by

the planned reclamation of derelict land; the economic by generating employment opportunities and rateable value and by stimulating investment confidence; and the social role would be achieved by "creating an attractive service environment essential to check the out-migration of population."

For the dockland area, Tesco suggests a nine-point plan, including greater co-ordination of development efforts

Baking Industry not surprised by Price Commission decision to freeze rises

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission's decision yesterday—a week before the General Election—to freeze price rises of 2p per standard loaf of bread for three months comes as no real surprise to the baking industry.

The industry was quick to say that baking must be the most investigated industry in Britain. Between 1965 and 1970 there were five full-scale investigations by the old Prices and Incomes Board, followed between 1973 and 1977 by an extensive Monopolies Commission probe.

Although the Monopolies Commission came to the conclusion that, in general, the bakers' monopoly did not unduly work against the public interest it investigated industry in Britain. The lack of profitability was "due largely to the effects of statutory price control and other forms of official intervention."

Associated British Foods—one of the two big bakers left in the industry following the Spillers pull-out last year—also pointed out yesterday that it had presented the two Price Commissions since 1973 with about 70 different submissions on the state of the industry.

Not surprisingly, Mr. Garry Weston, Associated's chairman, suggested that the Price Commission's decision seemed "politically motivated" in view of the election.

Rank Hovis McDougall, the other major baker left in the industry, also described the

decision to freeze the rises as "extraordinary."

However, after the bakers had made it clear that last December's 1p a loaf increase was only a temporary measure,

the Commission probably decided that a further 2p increase after five months had to be investigated.

But as Mr. Weston made clear last night, the 2p increase would only bring Associated's baking activities back into profitability unless the next round of raw material and labour cost increases later this year.

Mr. Roy Hattersley, Prices Secretary, last night defended the Commission's decision, saying it was "an independent decision taken by an independent Price Commission."

The long-term problem for the baking industry is that the consumer's appetite for bread has been falling steadily since 1945. This decline probably represents about 2 per cent a year and when the standard loaf of bread—which still accounts for about 78 per cent of consumption—is not available, then demand for bread falls even faster.

In the fourth quarter of 1978, for example, which included the last bread strike, total bread consumption fell by 5 per cent and white bread consumption fell by 9 per cent.

Both Associated and Rank Hovis have been able to recover some of their lost market share since then, but they have not been successful in winning it all back from the independent bakers.

The significance of falling demand for bread and the loss of volume to other bakers for the big two—who account for about two-thirds of production between them—is that their whole operations are geared to producing a high volume, low margin product.

The name of the game is sell as much bread as possible—a scenario that has led to chronic overcapacity in the industry and given the supermarket chains the power to demand large discounts, which the bakers can ill-afford for stocking particular brands.

Spillers' decision to pull out of baking a year ago eased the overcapacity problem—the industry's capacity was running at 78 per cent more than needed before Spillers shut down—but there is still something like a fifth too much capacity left in the industry.

Consequently, both Rank Hovis and Associated have been forced to announce recent plant closures and more must inevitably be on the way.

The long-term outlook for bread consumption also remains bleak. Although the bakers feel that the media and medical profession has been unfair about bread in the past, the main reason for the fall in bread consumption lies with the rising standard of living.

In the short-term, however, the Price Commission is expected not to decide on whether to grant an interim price rise until after the election. But it may decide that although the baking side of the business is unprofitable, the profitable milling activity may mean that no interim increase should be given.

This clearly was Mr. Hattersley's line of thought last night when commenting on the Price Commission's decision in an election speech. "Every milling company requires the bakers within its group of companies to buy flour exclusively from the parent organisation," he said. "By so doing they can announce an apparent loss on baking, make a substantial profit on milling and still maintain the position of the company as a whole."

"That process is reinforced by the circulation of identical price lists for flour, which the millers circulate to their customers—and by the discussions that go on between Associated British Foods and Rank Hovis McDougall before they make identical increases in the price of flour."

Set of 80 Goya plates fetches £82,500

SALEROOM BY ANTONY THORNCROFT

TWO SUCCESSFUL sales at Sotheby's yesterday saw Old Master engravings, etchings and woodcuts total £455,715 and silver £273,914. The top price, way above forecast, was £82,500 (plus the 10.8 per cent buyer's premium and VAT) paid by David Tunick, a New York dealer for the set of 80 plates of Goya's Los Caprichos, fine impressions of Harris' trial proofs before the first edition of 1799.

An engraving of St. Augustine and the Child of the South German School of the mid-fifteenth century sold for £23,000 and the 16 plates of Carceri d'Invenzione by Piranesi for £15,500. St. Philip by the

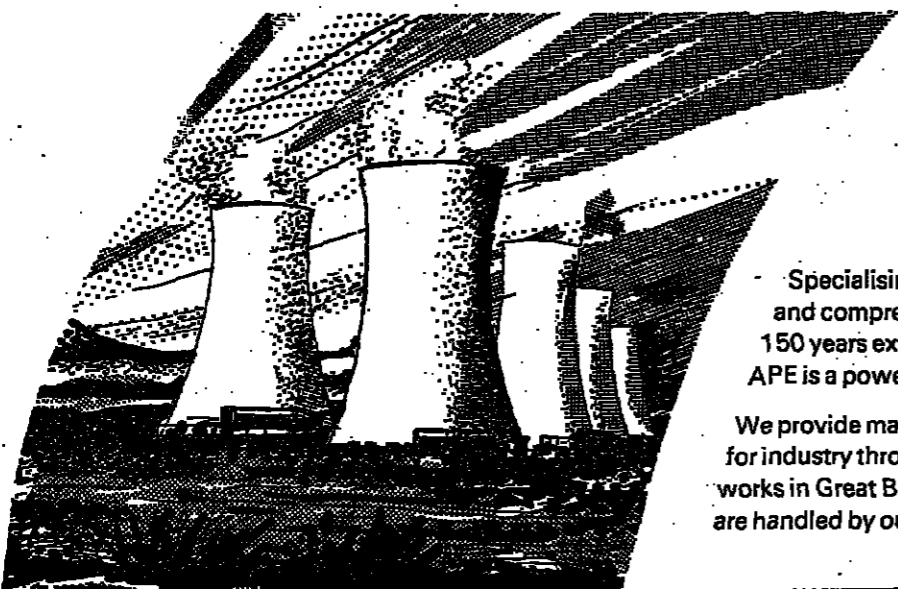
and jewels for a total of £181,855. Top prices yesterday were the £2,500 for a Faberge rock crystal figure of an elephant, 2½ inches long, and the £900 paid by the Science Museum for an oval silver tobacco box made by Isaac Cookson in Newcastle in 1734 and presented to the engineer Carlyle Spedding, with his initials.

At Sotheby's in Chancery Lane, 14 first editions of Ian Fleming's James Bond novels sold for £220 and 23 first editions of Agatha Christie dedication copy of Conrad's Nostromo was bought by Bay Scott, the New York dealer, for £1,500.

Christie's Bordeaux wine sale yesterday saw a few exceptionally popular wines make new top prices, but the level was generally below its best. Among the 1966s, Lafite was going for £320 a dozen, Latour for £290 and Haut-Brion and Cheval-Blanc for £310; and the 1970s ranged from £240 a case (Lafite) and £320 (Mouton-Rothschild) to £185 (Cheval-Blanc) and £175 (Haut-Brion).

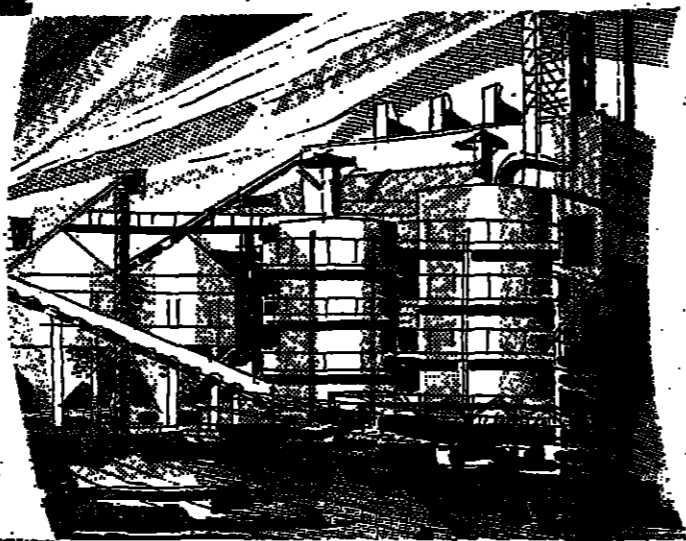
Among exceptionally high prices per case were Latour 1953 (£480), Latour 1959 (£370), Lafite 1961 (£800), Palmer 1961 (£520), Ducru-Beauregard 1961 (£280), Petrus 1970 (£420), and Lafite 1970 (£280). The net total with 99 per cent sold was £110,115.

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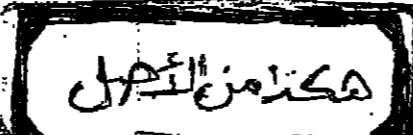
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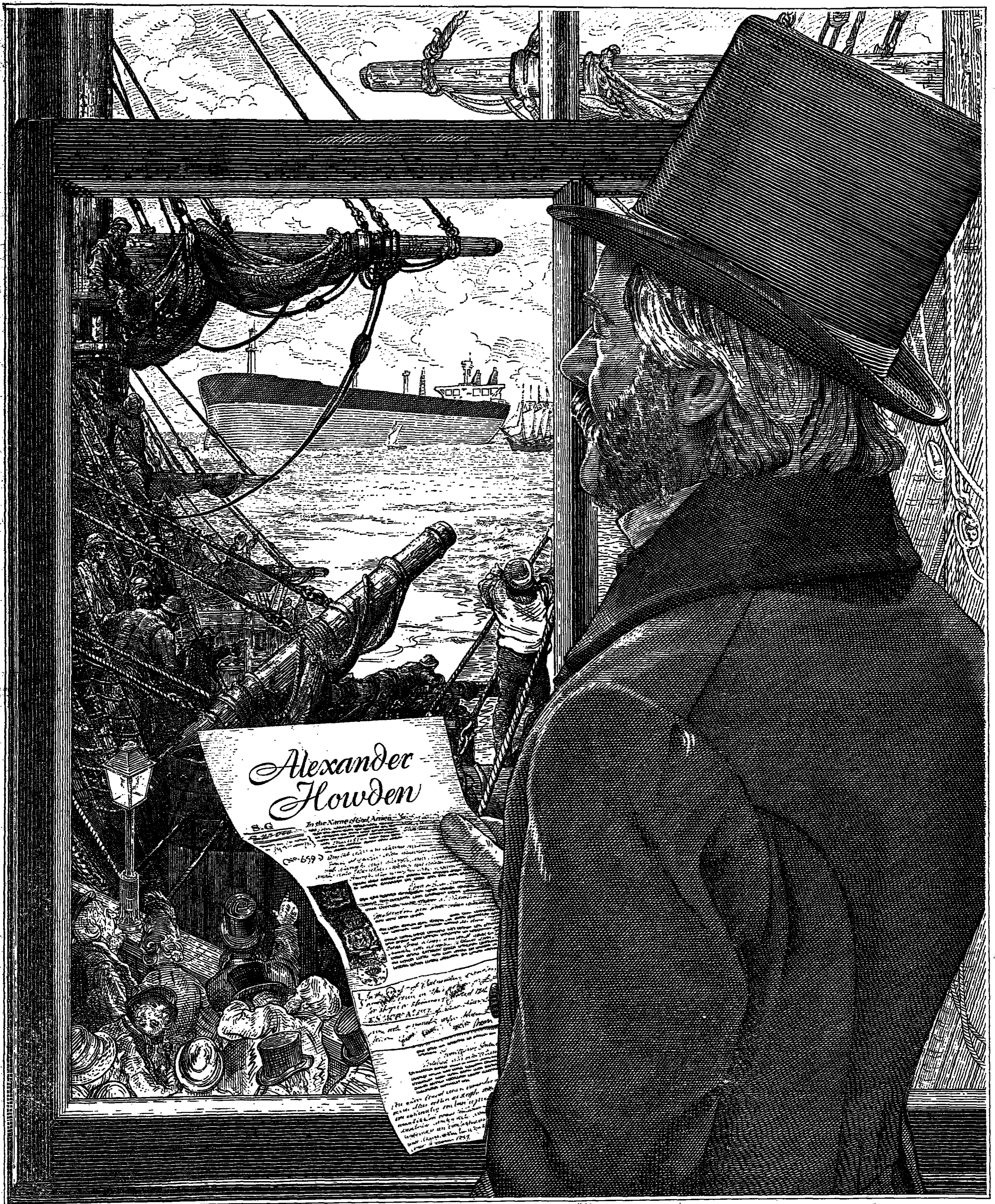
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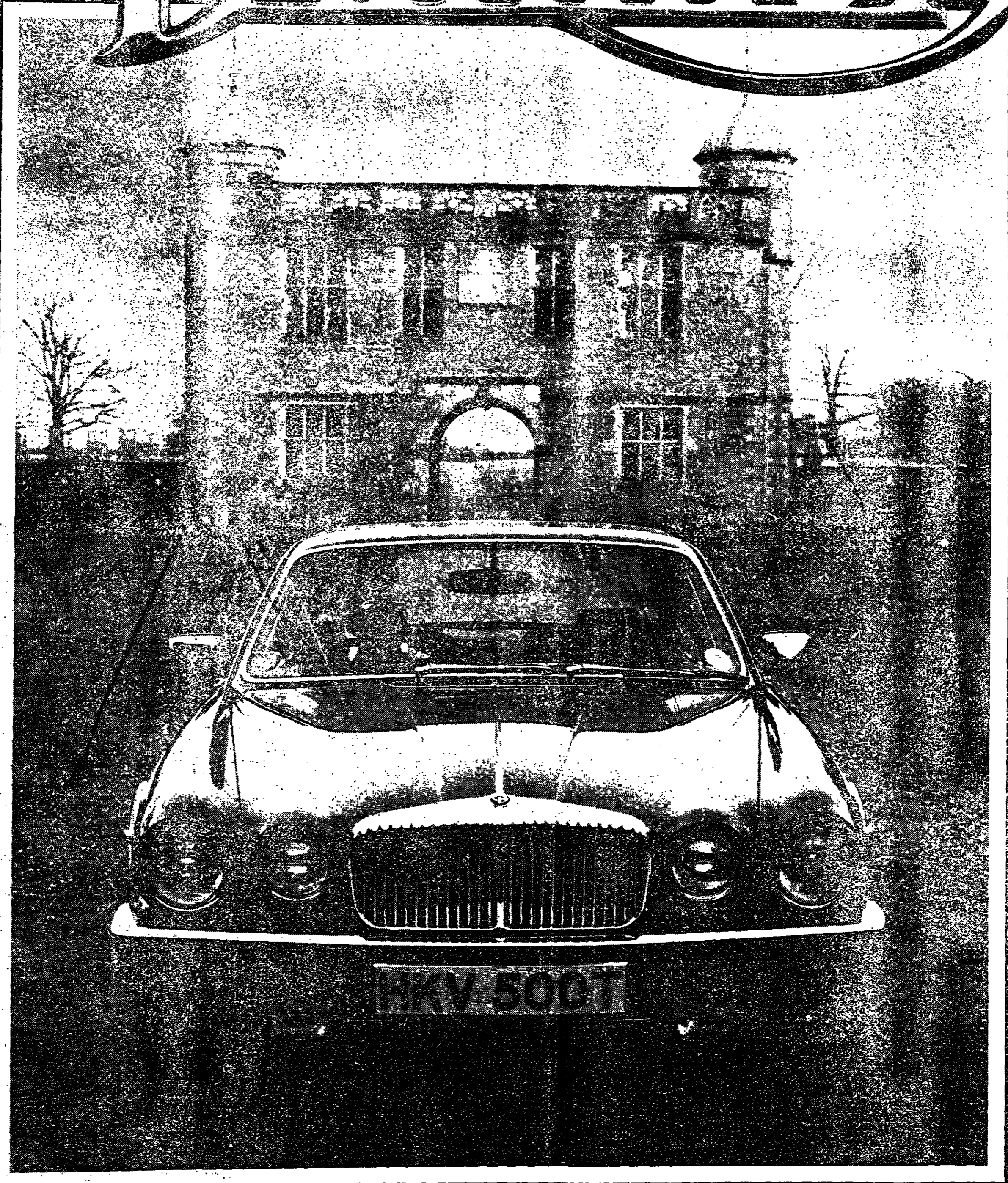
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UK—ELECTION NEWS

Callaghan wheels out family platitudes—and rejects nepotism charge

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT



THE stage might have been set for a TV commercial as the Labour Party's daily Press conference in London yesterday. The Prime Minister introduced us to two typical housewives who were Labour candidates.

Both were young, extremely attractive and very well turned out—not the careworn type that you would see trudging across a council estate.

Cliches

Mrs. Patricia Hollis (right), candidate for Yarmouth, is a university lecturer educated at Cambridge, Oxford and Columbia and Berkeley in the U.S., an M.A. and a D.Phil. Mrs. Anne Davis, who is contesting Bromsgrove and Redditch, is a former teacher and holds a B.A. (Hons) from University College, London.

The theme of the Press conference, Mr. Callaghan grandly announced, was The Family. From that point on, the platitudes thudded down on the captive audience.

"I have always emphasised the significance of the family in society," Mr. Callaghan observed. "The family is the cornerstone of our society. A happy family—and I speak from personal experience—is one of the greatest sources of happiness you can have."

But unnoticed by Mr. Callaghan, one of his most

bitter critics, Paul Johnson, was lurking in the hall. A former leftwinger, he now stands on the far right and is the self-appointed scourge of the Prime Minister.

Defily, he put the knife in with the first question. Innocently, he inquired whether it was Mr. Callaghan's concern with family life that had led him to appoint his son-in-law, Mr. Peter Jay, as ambassador to Washington.

In the silence that followed, you could have heard a cliché drop.

To be fair, Mr. Callaghan did not bat an eyelid. "I am very glad you left the Labour Party," he said drily.

"Yes, but can you answer the question?" insisted his inquisitor.

Dirty question

Patiently, Mr. Callaghan explained that when Dr. David Owen, the Foreign Secretary, had first suggested the appointment he had told him that he would prefer that it was not made. Eventually, when Dr. Owen insisted, he had agreed not to veto it.

With calm anger, the Prime Minister told Mr. Johnson: "I am sure your sense of fairness will enable you to accept that explanation. Have you any more dirty questions that you want to ask?"

Snorted Mr. Johnson: "I

don't regard it as a dirty question—it's a perfectly proper question."

At least this lively exchange was more entertaining than the other fare on offer.

Mrs. Davis confided that she had a daughter of 15 who takes a size eight in shoes. It cost £15 to buy her a new pair.

Steel band

Mrs. Hollis expounded the original theory that women needed good bus services, well paved roads and adequate street lighting as they were the ones who did most walking.

Pouring out into Smith Square, journalists were then greeted with a curious spectacle outside Tory Central Office. There, Mr. William Whitelaw (left), deputy leader of the Conservative Party, was disporting himself with a West Indian steel band who are touring London on behalf of the Tories.

Enthusiastic cameramen urged him to pick up the sticks and have a go at the bongos. But Mr. Whitelaw sensibly decided that enough was enough. Announcing that he had to dash off to catch a train he disappeared up the road.



Labour is right, Murray tells Tories

By Christian Tyler, Labour Editor

MR. LEN MURRAY, TUC general secretary, entered the election fray for the first time yesterday to suggest that if there was confrontation between unions and a future Conservative government, it would be the fault of the Conservative leadership.

Mr. Murray has been little in evidence so far, apparently observing the TUC's political neutrality. However, he called on the Conservatives to "cool it," declaring that Labour's solution was the right one.

"The extreme language of many leading Conservatives leads to apprehension of extremist and divisive policies," he told the annual conference of the National Union of Tailors and Garment Workers in Scarborough.

The Tories had been two-faced towards the unions, Mr. James Prior, employment spokesman, had made "soothing noises about wanting to co-operate." Meanwhile, Mrs. Thatcher had launched "a series of unfair, inaccurate and irrelevant attacks."

Active trade unionists had been bracketed with muggers and described as wreckers. At the same time, Conservatives planned to reverse the Employment Protection Act and remove protection that was "commonplace in many other countries."

"The removal of present legal protection could indeed cause strikes as workers took industrial action that recent legislation has made unnecessary."

Mr. Murray accused the Conservatives of wishing to increase inflation by raising indirect taxes and to "flout the law" that kept old-age pensions in line with wage increases.

Mrs. Thatcher was also accused yesterday of inciting the non-union public against unions. Mr. Albert Booth, Employment Secretary, challenged the Tories to say how they proposed to deal with picketing, and said that their policies would increase racial tension by increasing unemployment.

Mr. Prior defended the Conservatives' union programme as "a reasonable, sensible, series of measures."

Pauline Clark writes: A wave of trade union protest and action "even greater than that which occurred against the Industrial Relations Bill" would greet any attempt by a future Conservative government to sabotage or repeal the law protecting pensions from inflation. Mr. Norman Willis, deputy general secretary of the TUC, warned Tory leaders.

Callaghan stresses food price savings

BY IVOR OWEN

MR. CALLAGHAN took his campaign on prices into the supermarkets when he resumed his tour of marginal constituencies in the North-west yesterday.

He buttonholed Mrs. Jeanette Simpson as she approached a bread counter in the Middleton shopping centre to give her the news that the Price Commission had frozen bread prices.

The Prime Minister explained that but for Labour's "prices watchdog"—which the Conservatives wanted to destroy—a large loaf would have soon been costing 2p more and a small loaf 1p more.

Mrs. Simpson, who buys ten large loaves a week, seemed suitably impressed.

But even in supermarkets the

Heath outlines union responsibilities

MR. EDWARD HEATH, the former Conservative Prime Minister, last night gave strong backing to the Tory plans for legislation on the trade unions.

Speaking in Manchester, he said it would be entirely unacceptable for the trade unions to say that Parliament should introduce only legislation which they agreed with.

"Such an attitude would be a denial of our Parliamentary democracy," he warned. "It would betoken the arrival of a single party state and this election campaign would be pointless."

The Government, he said, had a responsibility to work with the unions as it did with any other group in society.

"Similarly, the trade unions for their part also have a responsibility to work with the Government of the day, regardless of its political colour."

It was fatuous for Mr. Callaghan and his colleagues to

say that the law can never be introduced into industrial relations.

If the TUC found that its voluntary concordat with the Government was not observed then it could have no objection if, after full discussion, its provisions were embodied in trade union law.

Mr. Heath asked why, if the concordat will succeed, Mr. Callaghan had not reached a similar agreement to prevent the troubles of last winter.

The Prime Minister stood condemned for his own negligence and incompetence.

With the best will in the world, there would still be industrial problems for the next Government, as there had been for all Governments.

But, he suggested, we should bring greater harmony by starting out towards a more mature, effective approach to our problems.

John Elliot looks at the prospects for industrial democracy

Confusion over balance of power

THE current debate about trade union power that has built up during the general election campaign has overshadowed a long-running issue which will have to be tackled at some stage by the next Government.

This is what, if any, legislation there should be to give employees more influence over how their companies are run.

In Labour Party terms, the issue is called industrial democracy and involves changing the balance of power in industry by giving employees statutory rights, through their trade unions, either to boardroom seats or so some other way of negotiating on major company decisions.

The Conservative Party—in line with most employers—takes a more low key, and less political, approach to the issue.

In its terms, the subject is called employee participation and involves companies communicating and consulting, more with their employees

that there should be a statutory duty for all large companies to consult with their employees through a trade union-based "joint representation committee."

Later, there might be a worker-director scheme with employees, possibly through their unions, having a right to up to a third of the boardroom seats.

But attempts to prepare a Bill along these lines have foundered in recent months, even though a fresh initiative was launched by Mr. John Smith after he took over last November from Mr. Edmund Dell as Secretary for Trade and so became the Cabinet Minister responsible for company law.

Most Ministers have shied away from committing themselves to basing the system solely on trade unions and their worries over this issue, known as the "single channel," grew when the recent hospital and lorry drivers' strikes made

Waugh election address banned

MR. JEREMY THORPE, the former Liberal leader, was yesterday granted a temporary injunction banning an election address from one of his opponents in North Devon—columnist Auberon Waugh, candidate for the Dog Lovers' Party.

Three Appeal Court judges reversed a High Court decision earlier in the day and agreed that Mr. Waugh's election address was likely to prejudice Mr. Thorpe's forthcoming bid to succeed as Member of Parliament in the constituency of Old Bailey (now on charges of conspiracy and incitement to murder).

In the High Court, Lord Widgery, Lord Chief Justice, had decided Mr. Thorpe had not shown there was any "real risk" of prejudice to the minds of jurors.

However, Mr. Thorpe's counsel appealed immediately and Lord Denning, Master of the Rolls, said it was "as plain as pish can be" that Mr. Waugh's address would prejudice a fair trial—or there was a danger it would.

TRADE union leaders said yesterday that they were confident after taking legal advice that the spending of their joint campaign for re-selecting Labour will be within the law.

The Trades Unionist for a Labour Victory committee was relying to an allocation referred to the Director of Public Prosecutions that election spending rules were being broken.

THE NEXT Labour Government would consider ways to allow the Housing Corporation to build direct in areas where Conservative-controlled councils have allowed building programmes to fall.

Mr. Reg Freeson, Housing Minister, said he was considering whether to permit private money to be channelled into the Corporation to provide non-profit-making housing. He might also establish the Corporation as an agency for registering landlords who bring their property up to "decent, modern standards."

CARDIFF South-east Liberal Association gave full backing to the decision of Mr. Christopher Bailey, the Liberal candidate, to stand down in a bid to topple Mr. Callaghan.

Mr. Alan Jones, the Tory candidate, and 90 Liberal supporters in the constituency have agreed to work flat out to overturn the Prime Minister's 10,000-plus majority.

ON THE STUMP

The hi-fi integrity campaign

By Rupert Crosswell

THE LADY in Barborough, newsagents-cum-Post Office had been warned. "Our Mr. Skinner coming? Well, I'd better get home quick, out of his way." She hadn't a chance.

Within five minutes, Dennis Skinner had arrived in the small village in his Bolsover constituency, set amid the collieries where so many of its inhabitants work.

Within five more minutes, a terrifying set of megaphones had been rigged up on top of his car, and Labour's most provocative MP was off.

Not for him the genteel courtesies of "How's-your-Mum, dear?" doorstep canvassing. His potential electors were treated to a full-scale Queen's Speech-second reading philippic—amplified by a loudspeaker system which could smash holes in 2 feet of reinforced concrete.

It is an apocalyptic spectacle to witness Mr. Skinner railing against the Common Market to a handful of people on a village square.

The mix is virtually the same as at Westminster, but tinged with a greater emphasis on local problems, as Mr. Skinner puts in a strong word for the Labour ticket for Bolsover Council, also to be elected on May 3.

There is that extraordinary combination of zealotry, bitterness, and honesty—an absolute refusal to compromise, coupled with an astute political nous.

The only difference is that campaigning in Derbyshire, Mr. Skinner devotes rather less of his time to scolding the revisionist instincts of Labour in government: "I'm pleased to see that Jim Callaghan is moving to my point of view on the EEC."

Butter mountains and dairy surpluses are skillfully linked to matters close to hand. "Does the Common Market help by buying an extra ton of British coal? It's just a gravy train. That Roy Jenkins, he's doing very nicely on £60,000 a year. No wonder the Tories called themselves the party of Europe."

"And then that Woman has the cheek to talk about wasteful public spending. If we're talking about waste, let's start with that £800m we pay the EEC every year."

Skinner himself may trinkly dismiss Parliament "as a bore, where many people just arrive on conveyor belts." But they are the words of someone whose apparent scorn for the institution is matched only by his skill at exploiting its procedures.

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THE PROPERTY MARKET

BY MICHAEL CASSELL

Councils delay hotel development

DEMAND FOR top London hotel sites has rarely been higher, yet development in central London is being frustrated by a serious shortage of good locations and by local authority attitudes. Last year luxury hotels in the capital were achieving average annual occupancy rates approaching 90 per cent and with a serious hotel bed shortage forecast in the 1980s a new building programme appears essential.

But two London councils — Westminster and Kensington and Chelsea — which take in an estimated 60 per cent of London's hotels — are proposing to put up shutters on any new hotel developments in their areas. The threat has, unfortunately, emerged at a time when some institutions are showing renewed interest in investing in prime hotel properties in central London.

Mr. Melvyn Greene of hotel consultants, Greene Belfield Smith, said: "I know of at least two major pension funds now wanting to buy prime hotels in central London — with the aim of arranging leaseback deals."

The financial institutions have traditionally been suspicious of the hotel industry since the mid 1970s when a number of hotel groups, particularly those with London operations, came under serious financial pressure.

Their difficulties were due to several factors. In the early part of the decade new hotel development, often financed by high-cost borrowing, had reached a peak, stimulated by Labour Government grants of up to £1,000 a room. Then, almost overnight, the tourist trade fell sharply as overseas visitors were

presented with a picture of Britain suffering at the hands of IRA bombers and beset by strikes and a three-day-week.

However, the climate has changed substantially since early 1976. Foreign visitors, encouraged partly by favourable exchange rates, have returned in record numbers and UK hotel pre-tax profits, according to Mr. Greene, rose by an average 30 per cent last year.

Attitude

And there is no sign yet of any significant slackening of demand for hotel accommodation — in spite of the improvement in sterling. As a result some forecasts suggest that London will need 4,000 more hotel bedrooms by the end of the year — compared with a surplus of 2,000 rooms in 1978.

All this suggests that there are grounds for a change of attitude towards the industry by the institutions. The English Tourist Board is particularly concerned to improve the industry's image with institutions previously reluctant to provide long-term finance for hotel developments.

However, any change of heart is likely to be restricted to investment in luxury class hotels in prime locations and most likely on a purchase and leaseback basis.

It would appear to be a logical move for pension funds to pursue top quality hotel properties at a time when prime retail and office investment opportunities are scarce, though their enthusiasm is bound to be tempered with caution, given the industry's track record.

First class hotel property is,

if anything, in even shorter supply than prime shops and offices and the hotel industry itself shows little interest in anything more than a stone's throw away from the main tourist attractions.

This attitude has thrown potential hotel developers into conflict with local councils at Westminster and Kensington and Chelsea, which have formally indicated that they will grant very few, if any, planning permissions for new hotel developments. In addition, the Greater London Council is mounting a campaign to promote building of new hotels in outer areas, like Camden, Clapham, Hammersmith and Croydon.

Mr. Greene said: "It is cloud cuckoo land to suggest that there will be a Camden Hilton or a Carlton Tower at Clapham. Around half the visitors to London are foreign holidaymakers and another 28 per cent are foreign businessmen and there is nothing in any of our surveys to show that they want to stay anywhere but in central London."

But he said there were opportunities for some isolated hotel developments in office centres, like Croydon and Kingston.

But people like Mr. Richard Brew, deputy leader of the GLC, believes that once adequate infrastructure is established, then areas like docklands could present a viable proposition for hotels.

A GLC Green Paper on tourism, he says, has been favourably received by some airlines and other bodies beyond the hotel groups themselves.

The hotel industry, however, will point to the recent difficulties at the Kings Reach

hotel development on the South Bank of the Thames as an example of the problems location can bring.

Work on the 700-bedroom hotel stopped in 1975 and even though the development is close to the favoured central area it has only recently been resold.

The shortage of development sites in the best favoured areas has led to a sharp increase in hotel property prices. Mr. Jonathan Bodender of hotel consultants and management consultants Horwath and Horwath said: "Two years ago the Dorchester Hotel was sold to Arabs in a deal worth around £50,000 a room. Today a hotel on a similar site location would cost at least £50,000 a room to buy depending upon leasehold and freehold terms."

He says that prices for existing hotels are coming back more into line with building costs, which he estimates are running at between £40,000 and £45,000 a room for first class hotels, land excluded.

While building costs are not considered a major development constraint, a further problem is securing the right kind of finance. "Because of the past attitudes of the financial institutions they have been reluctant to lend for more than seven or eight years, which is particularly onerous for hotels, which do not come into profits as quickly as other types of development."

"Longer term finance should be available while an increase on tax allowances for new hotel building — bringing them into line with those granted to manufacturing industries — would further stimulate investment."

Andrew Taylor

Walpole's home sold in £1m deal

Chesterfield Properties has bought 4 and 5 Arlington Street, Mayfair, for over £1m from Jamaica House Investments. The two properties — one of which was the home of Horace and Robert Walpole — will be redeveloped, leaving the Georgian facade largely intact. Collier and Madge acted for Chesterfield and Crane and Co. represented Jamaica House.

Restorers with an eye on international expansion may be interested to know that 100,000 sq ft of floorspace is available on the busy road between Dubai and Sharjah in the United Arab Emirates. The Al Mulla Plaza includes a department store and a three-level shopping centre with a supermarket and 45 small shops. Inquiries: PO Box 59 Dubai.

Yorkshire General Life Assurance has let one of the largest single warehouse units near Heathrow. A total of 100,000 sq ft has been leased to NMT (Trading) at an asking rental of £150 a sq ft. Joint sole letting agents: Grant and Partners and Donaldsons.

Taylor Woodrow Industrial Estates has started work on a £2.5m warehouse development in partnership with Wakefield Metropolitan District Council at Whitwood, four miles from the town centre. First phase of the 250,000 sq ft scheme will command rents of £1.40 per sq ft.

Land plan in jeopardy

THE LIKELY fate of the Community Land Scheme after the general election is a subject close to the hearts of the development industry.

The Conservatives pledged, even before the legislation reached the Statute Book in 1975, to repeal the Community Land Act, which is one part of the Government's two-pronged attack on development land; the other being Development Land Tax. The two items form the cornerstone of Labour's land policies.

The legislation was designed to enable local authorities to take a positive role in planning and new development and to give the community some of the benefit from rising land values.

The scheme's operation and effectiveness has, however, come under steady fire from contractors, developers and many local authorities ever since it took effect and its role became even more uncertain after the 1976 public expenditure cuts which effectively consigned it to the backwaters of local authority activity.

An appraisal of the scheme's first difficult years, commissioned by the Department of the Environment and carried out by the School for Advanced Urban Studies, suggests that since 1976, and the now infamous "GNLA 12" resource cuts, disillusion with the scheme has grown even among those local authorities which were originally its strongest supporters.

The report, which will not make happy reading within the DOE, says that most of the local authorities involved in its investigations left the scheme had been "trivialised" or even "killed stone dead" since 1976.

The result was that, by the end of 1977, the policy appeared to have lost impetus and credibility. Authorities now believe that the scheme is not backed by any political will at a national level and that it is largely a non-event. The impression is that controls and procedures are out of all proportion to the level of financial activity actually under way.

Apart from shortages of finance required for acquisition, the authorities say they are hamstrung by regulations which effectively prevent them from buying much development land, including a large part of builders' existing land banks, and that there is no incentive for them to operate the scheme because of the minimal financial benefit involved.

What of the future? While the Conservatives are expected to repeal the CLA itself, their attitude towards the existing tax legislation is somewhat different and because the two parts of the land scheme are quite separate it is perfectly feasible for them to repeal one and keep the other.

DLT was enacted in 1976 and many people immediately saw it as a belated response to the heady days of the 1972-73 property market which was irrelevant to the new conditions. The tax imposes a charge of 80 per cent on the increase in the value of land arising from the granting of planning permission; over the next ten years or so that is scheduled to rise to 100 per cent. For an interim however, a reduced rate of 66 2/3 per cent applies to the first £15,000 of gains realised in a year.

The Conservatives have given no pledge to repeal DLT and, indeed, their previous introduction of development gains tax might well be looked on as some sort of commitment to the concept that gains arising from the granting of planning permission should attract a higher than ordinary capital gains tax.

The tax may, therefore, have a substantially longer life than some of its predecessors in the development field, though the Conservatives have said they will reduce it to about 50 per cent. But it is not certain whether the permissive powers of acquisition or disposal of land for private development would disappear altogether.

The Labour Party is set to keep the scheme intact, though it says it will clarify and amend the regulations on land valuation in an attempt to ensure that more accurate present-day values are obtained. But the scheme seems unlikely to get priority when public resources come to be allocated and as a result it may well not regain its original prominence in the medium-term, unless there is a major upswing in development pressures and another price boom which would bring it back into its own.

Abbey Property Fund has purchased 11 acres of land by the M20 at its junction with the M25. A new warehouse and distribution centre with an investment value approaching £1m is to be built. Agents for Abbey were Leonard Green.

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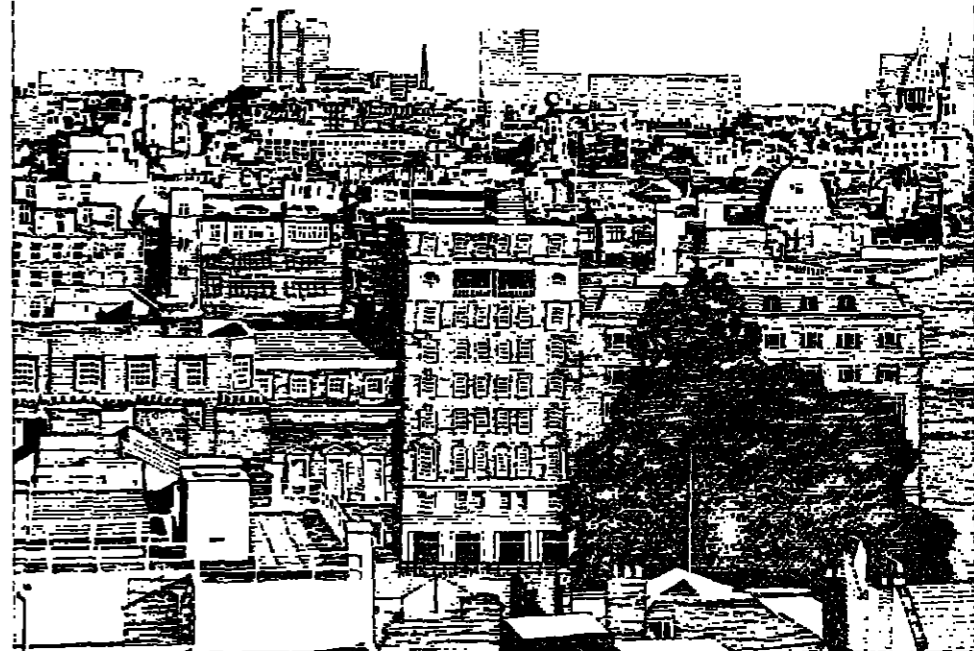
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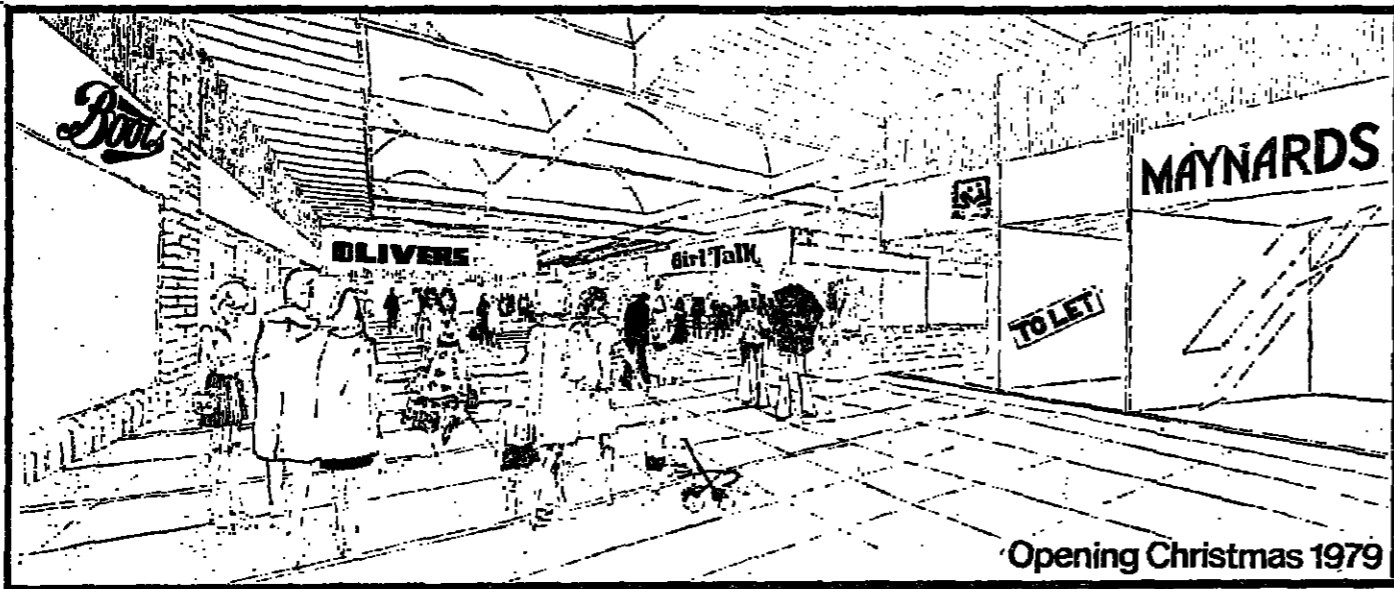
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For further information regarding the design constraints, requirements, concessionary arrangements etc please contact The Controller of Planning and Transportation (PT/TN/PT), Room 731, Greater London Council, County Hall, London SE1 7PB. Tel: 01-633 8749/7542. Telex: 919443 (GLC CENMAIL LONDON).
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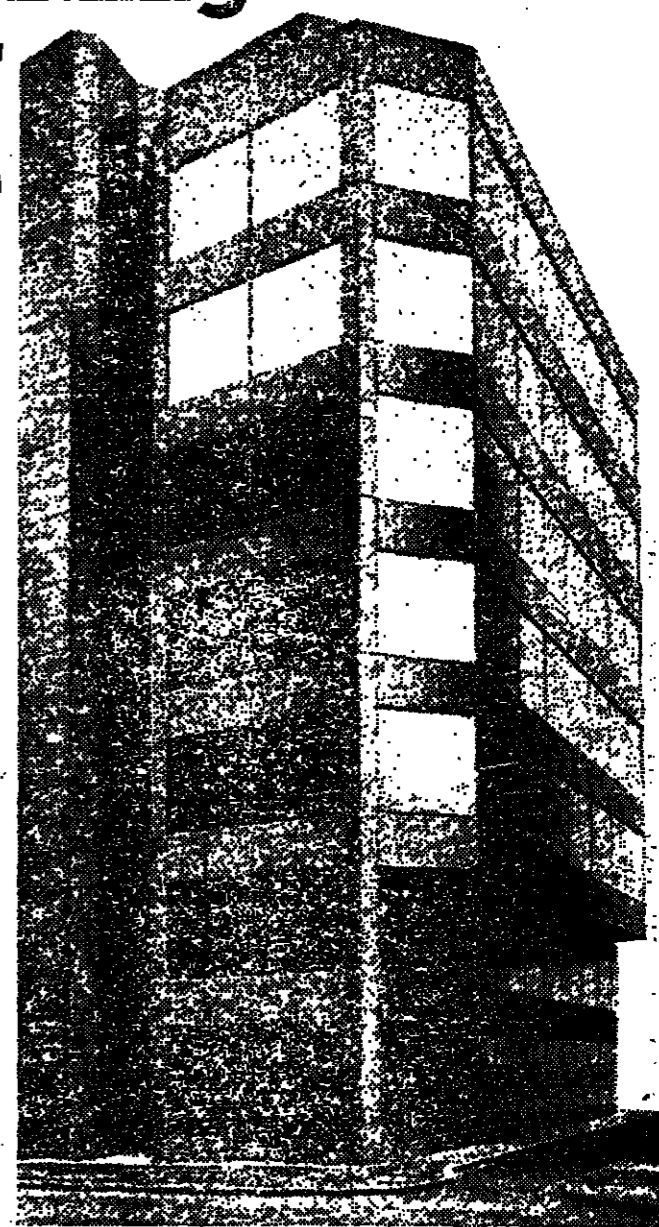
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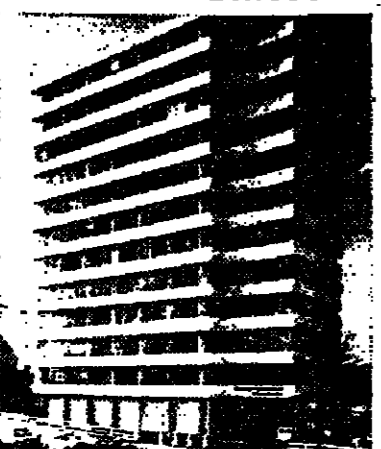
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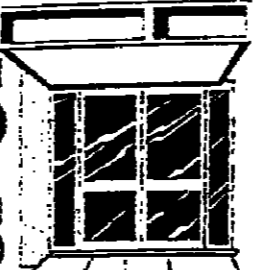
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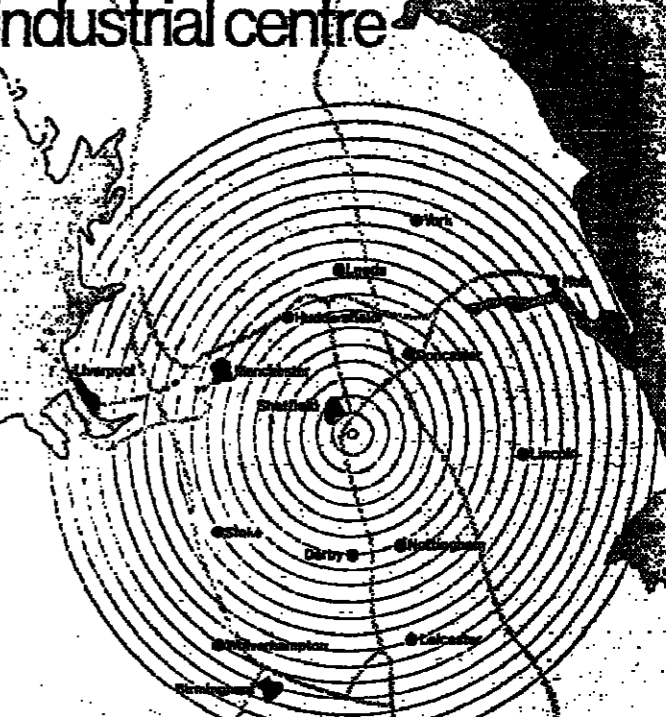
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A FINANCIAL TIMES SURVEY INTERNATIONAL PROPERTY

WEDNESDAY MAY 30TH 1979

The Financial Times proposes to publish a Survey on International Property on Wednesday, May 30th, 1979. The main headings of the provisional editorial synopsis are set out below.

INTRODUCTION

Property investment away from home markets remains an activity tempered with a good degree of caution. Has the flow abroad of UK investment funds increased?

Too much money is apparently still chasing too few institutional-quality property investments. Have fund managers shown themselves any more prepared to accept "secondary quality" propositions? How much recent development has been in response to institutional buying pressure rather than projected demand from tenants? The bright spots on the international property map.

THE MARKETS

The remainder of the Survey will carry reviews of the property market in the following places:

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حکومت العراق

ENERGY REVIEW

BY PAUL CHEESERIGHT

South Africa's growing reliance on coal

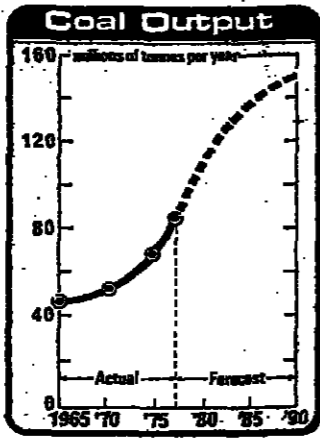
THE REFUSAL of the new Iranian Government to continue exporting oil to South Africa, cutting the country off from its staple source of supply, spotlights the role of the international oil majors in the South African coal industry.

The new coal mines, the greenfields developments as opposed to extensions of existing operations, are largely in the hands of the oil companies, which have been receiving additional coal export quotas apparently at the expense of the established domestic producers.

Export quota

Exports were pioneered by the Transvaal Coal Owners Association representing the producers at the biggest of the South African fields. The TCOA export quota for 1979 is 9.8m tonnes of a total of 20m tonnes to be exported.

In a more general sense, however, the significant point about the allocations is the controlled speed with which exports are building up. Much has depended on the provision of facilities at the new Richards Bay Terminal, which by the middle of this year will be able to handle 20m tonnes per annum.



smoothly, and within budget, according to the coal exporters. The stimulus to its development was the growing market in Japan and Europe.

Cheap energy

"The case for exports does not conflict with the fundamental proposition that the best means of exporting our cheap energy is to use it to beneficiate (upgrade) our range of other base minerals, thereby giving the maximum balance of payments benefit for the combined product.

South African Minerals Bureau figures suggest that exports could rise to 55m tonnes by AD 2000. Certainly the importance of coal in South African external payments will increase.

about R2.5bn at 1977 prices. Mining industry executives have noted that there is some unease in South Africa about exports because, it is felt, limited resources are being run down when they should be reserved for future generations.

The industry's case argued by Mr. R. E. Burnton, the divisional project manager at the General Mining coal division, in a paper presented last year, rests on five points.

Black labour

In fact, South African costs are low. This year's working costs at Kriel, merging together both strip and underground output, are put at R4.15 (£2.34) a tonne, which is cheap by world standards, and due at least in part to cheap black labour.

There has also been a rise in colliery productivity in recent years. Output now is nearly double the 48.5m tonnes mined in 1965 when the industry employed 81,000 people.

ability to extract more of the coal in situ has increased, so that the latest figure for recoverable reserves is now put at 61bn tonnes. Inevitably, it is an approximate total, but it seems likely that as more research is done into coal utilisation and as more efficient techniques are developed for existing uses, the life of the reserves will be extended.

The Chamber of Mines notes that the quality of South African coal is generally low, nearly 90 per cent of it being of a raw bituminous variety with an ash content of between 20 and 48 per cent.

Within Transvaal, the fields around Witbank have produced more coal than all the others in South Africa put together, and even now account for 48 per cent of output.

Kriel, part of the Anglo American Coal (Amcoal) group, is typical of many of the South African collieries in the sense that it is linked to Escom, the state power utility. Escom's power stations are the largest single user of South African coal and are likely to remain so for the foreseeable future.

South African Coalfields



to the extent that it moves up each year by half the rate of increase of the wholesale price index. There are also provisions for the amortisation of capital. The total package means, according to Kriel executives, that returns on capital are now running at about 25 per cent.

Black labour

Handling machines demands more skill than wielding a pick and shovel, and consequently a greater expenditure on training. This in turn has led to a demand for more permanent housing for black employees and, the mining companies hope, the creation of a permanent labour force.

13 years mining has switched from mainly hand-got methods to mechanised systems. Had the old methods been maintained it is calculated that the labour force today would need to be about 145,000.

Increasing mechanisation has meant that the coal companies are no longer satisfied with a rapidly changing black workforce, most of whom are on short-term contracts. The traditional pattern of employment has been for a worker to leave the homelands, work in the mines for a short period and then return. It is the same on the gold mines, but on a bigger scale.

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THE MANAGEMENT PAGE

Lessons in computer game survival

EDUCATION IS at last showing its mettle in the UK national management championship...

Of the 29 institutions which came to the starting line in January, four are still left...

It was as long ago as 1972 that a team from education last distinguished itself in the contest...

Since teams tend to disguise their identities until the last stages, we do not yet know who the four educational survivors are...

The reason is that other players still in with a chance of the championship prizes—£2,000 for the winner...

Last year Dr. Flitcroft won the subsidiary "Plate" contest also sponsored annually by the Financial Times...

Michael Dixon

Mixed fortunes for BAT's diversification into retailing

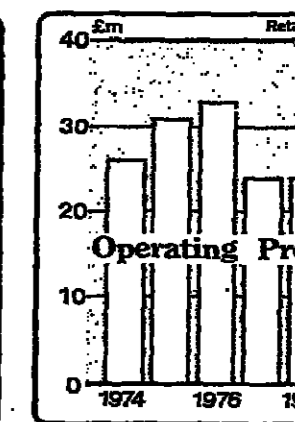
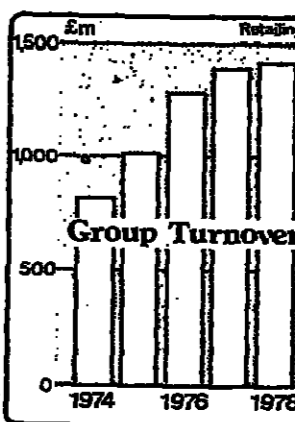
SINCE THE mid-1960s BAT Industries, the multinational tobacco conglomerate, has been diversifying into new areas of business...

The importance the company attaches to its retailing diversification is shown by the fact that retailing now accounts for some 22 per cent of BAT's total turnover...

It would like to see the non-tobacco side providing 40 per cent of the profits instead of the present 25 per cent...

International Stores supermarket chain was acquired in the UK for some £68m, and the Kohl's supermarket and stores chain in the U.S. for £30m...

F. J. Wallis supermarket chain was bought for £21m. In the financial year ended last September, International produced a trading loss of £5.3m...



Gimbel's store in a Philadelphia Shopping Mall

IN THE six years BAT has been in U.S. retailing, it could hardly have tried to run a more varied assortment of stores...

This is perhaps unsurprising in the hectic world of U.S. retailing where competition is white hot and profits go up and down like yo-yos...

But BAT is trying to put its U.S. store house in order. For the second time since 1973, the group is being purged and reorganised to make it more efficient and, it is hoped, more profitable...

BAT came into the American stores business when its long-standing U.S. subsidiary, Brown and Williamson Industries (BWI) of Kentucky, decided to diversify into retailing in the early 1970s...

Although Saks's profits had been suffering from the vagaries of fashion, it was basically a big money-earner, selling high margin luxury goods...

The problem child was Gimbel's, one of the largest and longest-established of all U.S. department stores...

While sales for the year showed an increase at Saks, the report went on, the Gimbel's division recorded a moderate decline, reflecting a continuation of its new merchandise programme...

Up-market

Mr. Kramer tried to solve Gimbel's problems by pushing the store up-market to profit from higher margins there and growing middle class spending...

As it turns out, Mr. Kramer might have done better to keep Gimbel's where it was, and make the most of its position at the low end of the market...

Outside New York, Gimbel's old city centre stores also began to lose out with the shift to the suburbs where newer competitors were opening up in

Fight to put the U.S. store house in order

BY DAVID LASCELLES

large shopping malls, with convenient parking and none of the city centre hassle.

In the fiscal year ending last September, Gimbel's Saks made net profits of \$11.6m on record sales of just over \$1bn.

But four months later, at the end of January, BWI made known its continuing displeasure with the way things were going by announcing another major shake-up.

A few weeks later, the president of Gimbel's New York division, James Conolly, resigned to pursue other business interests...

The broad shape of the business he and his team took over was little different from 1973, but bigger. Today, Saks has 31 stores, Gimbel's 38 and Kohl's 78, with total turnover of \$1.6bn a year.

Everything was basically being funnelled through one man, he said. The first step was to break down the group into manageable units with sufficient strength to operate on their own...

of stores is to be raised by 19 to 50 at a cost of \$250m and the chain's total turnover doubled to \$1bn a year.

There are several broad aims. One is to reduce the average size of stores but increase turnover by doing more business per square foot.

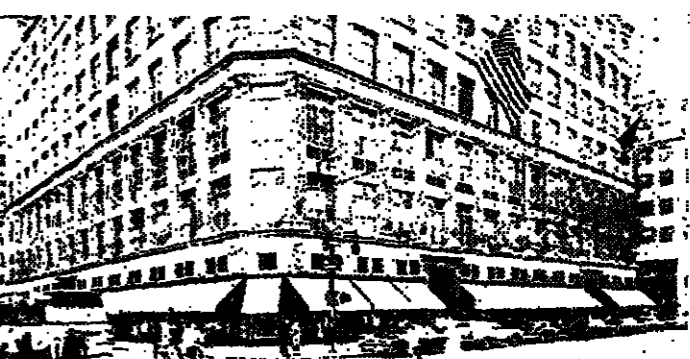
Plains, though, Saks will be expected to lead the way. Over the next ten years, the number

of stores is to be raised by 19 to 50 at a cost of \$250m and the chain's total turnover doubled to \$1bn a year.

Quality stores are a growing business, says Mr. Johnson, listing companies like Neiman Marcus which are expanding rapidly.

Decentralisation, said Mr. Johnson, will help us concentrate on the good stores and also help those not doing so well.

Industry observers agree that Saks and Kohl have little to worry about. Both possess excellent images in their markets, and enjoy proven



SAKS'S STORE ON 5th AVENUE, NEW YORK

likes of Macy's and Bloomingdale's.

As the last company report noted, the chain is in the process of phasing out low-margin goods so as to bring its profitability closer to the industry average.

But long term plans are still being put together. Unlike Saks, there are no firm goals ten years on, and though stores are being given a face-lift, there are no definite targets.

The Kohl's chain, which Mr. Johnson described as a "high quality business" with a solid regional base, is seen to have good growth prospects, and its rate of expansion will probably be stepped up.

But what guarantee is there of success for BWI this time round? Industry observers agree that Saks and Kohl have little to worry about.

profitability records. The deciding factor will be Gimbel's.

Apart from its own inherited problems, Gimbel's operates in a hotly competitive market where even the largest and healthiest stores have problems. So it will need time and money to identify its place in the market and then develop a strong new image to consolidate its position there.

Gimbel's future could therefore test both the patience and resources of BWI and, ultimately, BAT. Mr. Johnson says that the parent company "gives us a lot of autonomy" as well as the capital to improve the business.

However, there has been speculation in the retailing world that BWI will pare Gimbel's back so as to concentrate on its more profitable regions, or that it might even sell off the chain altogether.

Mr. Johnson denies that there are plans to sell Gimbel's, but he says there are problem stores which might well have to be closed down. Somewhat cryptically, he comments, "We are making a study of each market and developing an expansion programme that would give us our share of that market."

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BT
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Friday April 27 1979

Role of the institutions

MR. EDMUND DELL, the former Secretary of State for Trade, put up a firm defence of the status quo in his address to the National Association of Pension Funds yesterday.

It is this dominant role which has provoked Labour ministers to flirt with the idea that a proportion of their investment should be directed, as it was under the old Trustee Acts, and is in many other countries; in the event, the fear of direction has induced the funds to take up government debt in such an orderly fashion that there is no need for it.

The demand most often heard, as Mr. Dell said, is that the funds should take a more active role in managing the companies in which they hold an interest. The most common answer is that the funds are ill-equipped for such a role, which is unhappily largely true, but begs the question of whether they should be so equipped.

The Gaullist dilemma

THE LATEST series of outbursts by the leader of the French Gaullist (RPR) party M. Jacques Chirac against President Giscard d'Estaing appear to be doing more harm to the image of M. Chirac as a potential President than to anyone else.

Traditionally France votes on a first-past-the-post system over two rounds of polling. This permits right or left-wing opponents in the first round to sink their differences behind a common candidate for the run-off.

Ford Motors' new strategy for Europe

BY LISA WOOD

AN UNEASY mixture of disappointment and relief has settled upon Europe in the wake of Ford's unexpected decision to scrap plans for a new \$850m assembly plant on this side of the Atlantic.

FORD CAR ASSEMBLY table with columns: No. of cars per day, Type, No. employees. Locations include Cologne, Cork, Dagenham, Genk, Halewood, Lisbon, Seville, Valencia.

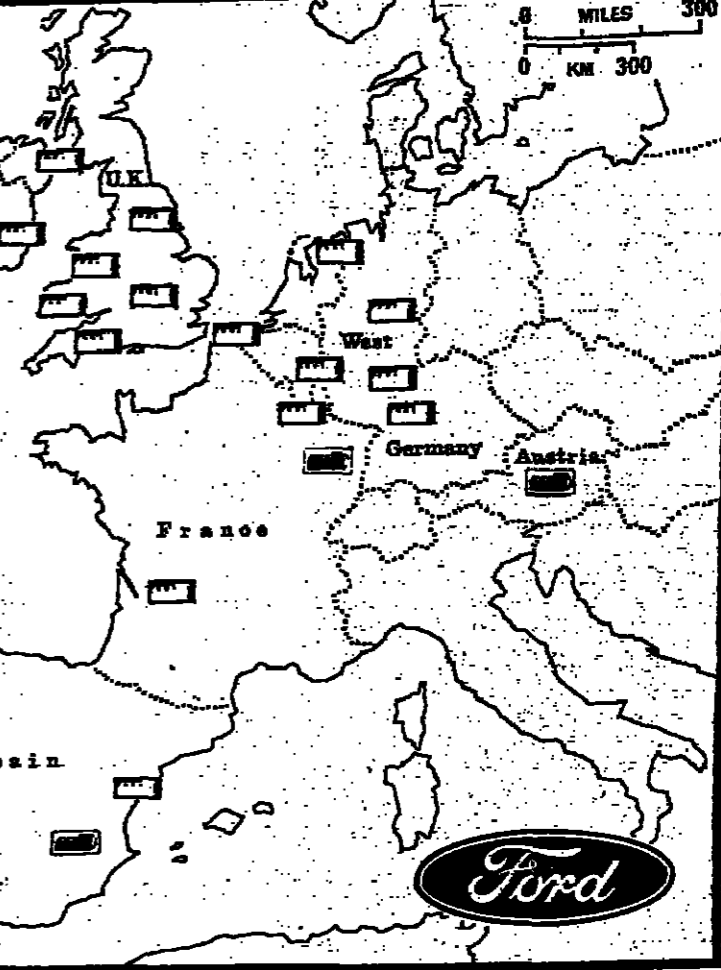
N.B. There is no correlation between output and number of employees as many plants involve more than just assembly.

and in Germany. The two were developing on entirely independent lines. Even the engineering principles differed. Ford believed that the potential European market required a rationalisation of products and in 1967 - with the formation of Ford of Europe - it introduced the principle of pan-European design and manufacture.

A sharpening of competition

BY GEOFFREY OWEN

FORD'S decision not to go ahead with a new assembly plant on a green-field site will be a relief to those in the industry who are worried about over-capacity.



not just for the Erica. By the mid 1980s we will be dealing with replacements for other models. In effect, Ford is hedging its bets. First, by gradually expanding existing plants it can make incremental investments.

MEN AND MATTERS

Right touch for the type caste

The girls with well-manicured nails adorning the offices of the future will do almost anything except type, according to Desmond Pitcher.

Party policy

M. Chirac is alienating some of his own party, notably the group of Gaullist Cabinet Ministers, both by the stridency of his attacks on the President and the dictatorial way he makes party policy.

Weighing it up

The loyalty of British bureaucrats working in Brussels is being put to a singular test. This is posed by a Commission scheme which tries to ensure

Zillmer awakes

You can't keep a good man down. I mentioned some time ago that the rumormongers on insurance accounting of Doctor August Zillmer (1831-93), as interpreted by the European Commission, have helped cure insomnia in certain quarters.

Awkward friends

Anxious to clear the decks for dealings with the Ayatollah's regime, the U.S. is in the near future expected to name its new ambassador to Tehran.

Advertisement for Northampton commercial and industrial sites. Includes text: 'AVAILABLE NOW... in Northampton', 'Office Buildings immediately available in town centre', 'Industrial Sites immediately available in town centre'.

Observer

Brook Street more than doubles: prospects good

ON A 45 per cent increase in turnover, pre-tax profits of Brook Street Bureau of Mayfair more than doubled from £0.9m to £1.91m in 1978.

Earnings per 10p share are given at 3.91p (3.48p). The company operates mainly as a clerical and administrative staff agency.

Mr. Eric Hurst, joint chairman, said he was looking for "significantly" higher profits again this year.

A.P.E. profit up by nearly £0.5m

SECOND-HALF profits of Amalgamated Power Engineering rose from £3.38m to £3.67m in line with expectations.

covered 6.6 per cent while the p/e of 3.5 suggests that the market is not expecting very much in the immediate future.

Bowater to maintain high capital spending level

THE FINANCIAL strength of the Bowater Corporation has greatly improved and it is well placed to continue with the development programme announced last year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends.

In his statement the chairman comments on the double tax treaty between the UK and the U.S. An amendment to the treaty permitting individual states to allocate and tax profits of international organisations was reluctantly accepted by the British government.

Senior well placed to benefit from any upturn in demand

THE DIVERSITY of Senior Engineering Group's interests and the state of its well equipped companies will enable the company to take full advantage of any upturn in trading conditions.

Connaught Rooms, WC, on May 23 at noon. Senior is being consciously muted about prospects this year, but at least the one divisional ordering problem at the start of 1979, light engineering, is easing with a renewed inflow of work from the NCB.

After tax of £1.08m compared with £922,000 earnings are shown as 11.66p (8.76p) per 25p share and a second interim dividend of 2.4951p lifts the total to 4.4611p (4.029p), the maximum permitted.

Copydex well over forecast

Copydex bettered its midway forecast by some £180,000 to end 1978 with record taxable profits of £432,000, against £201,000 previously.

RCF rises to £0.2m at midway

A BIG increase in taxable profits up from £120,000 to £215,000—supported by RCF dividends for the half-year to January 31, 1979.

U.S. climate forces BSR to cut back production

DISAPPOINTING demand from the U.S., the company's main market, has forced BSR to cut back production for the first time since 1974.

W. Nash better forecast

AGAINST EXPECTATIONS, profits of William Nash rose in the second half and 1978 finished with the taxable surplus up from £225,574 to £301,512.

Chesterfield advances to £2.2m

ON TURNOVER up from £3.73m to £4.2m pre-tax profits of Chesterfield Properties rose to £2.23m for 1978 against a previous £1.78m.

Approved capital expenditure not provided for in the accounts was £584,000 (£287,000) for contracts placed, and £299,000 (£236,000) for approved but not contracted.

ITC Pension Trust and ITC Pension Investments held 7.2 per cent of the company at March 31, 1979, and Prudential Assurance Co. held 5.2 per cent.

The working week of factories in the South Reproduction division is to be reduced by one day for the next eight weeks.

As for the Consumer Products division the near term outlook was "quite encouraging," although much would depend on the outcome of the election.

Explaining his decision to sell 50,000 shares last year—more than half his personal holding—Mr. Ferguson pointed out that this was "a personal matter" and has nothing to do with the state of the company.

On the 18.3 per cent increase in the company's annual wage bill, Mr. Ferguson said this was made up of a wage settlement of around 14 per cent together with a productivity deal.

On the international trading side new offices in the important cotton growing areas of Central America and the Western U.S. have brought the group closer to the farmer and have enabled it to provide additional ancillary services.

Meeting, Dorchester Hotel, W, May 18 at 11.30 am.

Advertisement for Olivetti rights issue. Lit. 100,000,000,000 RIGHTS ISSUE. Option to the Company's shareholders to subscribe either one new Lit. 1,000 Olivetti ordinary share or one Lit. 1,000 Mediobanca 12% 1979/1989 Olivetti Special Series Bond.

M P KENT LIMITED PROPERTY + HOUSING DEVELOPMENT. Interim Statement. Six months to 31st Dec. 1978 vs 31st Dec. 1977. Sales 5,942 vs 5,242; Profit before tax 737 vs 387.

The Election is getting closer! The party returning the greater number of seats to Parliament. 3/10 Conservative 5/2 Labour. To win and have an Overall Majority 2/5 Conservative 7/1 Labour.

Advertisement for Better bet Coral. CORAL RACING A Division of the Coral Leisure Group. All wagers accepted on the General Election are subject to the stipulation that all Northern Ireland candidates and the bye-election will be treated as others.

Advertisement for Olivetti. Ing. C. Olivetti & C., S.p.A. (Incorporated in the Republic of Italy). Lit. 100,000,000,000 RIGHTS ISSUE.

UK COMPANY NEWS

BIDS AND DEALS

Brocks expanding into microprocessors field

The Dorset-based Brocks Group of Companies, has paid at least £1.5m for two privately owned businesses in the microprocessors field.

The acquisition of Pelco (Electronics) and Government is seen by the directors of Brocks as the first step in expanding the company by using the latest microprocessor technology.

Meanwhile, Mr. Colin Banks, chairman of Government and founder and former chairman of Kode International, has been appointed chairman and chief executive of Brocks.

profits for the current year of more than £100,000.

COUNTRY & COMMCL. TO BID FOR STEWART & WIGHT

Mr. Michael Bernard Cunn, a director of Stewart and Wight, announces that he, his wife and their company (Country and Commercial Property Investments) have purchased a total of 15,010 5 per cent (now 4.2 per cent) cumulative preference shares at 20p per share and 10,920 ordinary at 25p per share in Stewart and Wight.

These shares, together with the existing holdings of the above-named in Stewart and Wight, amount to 23,359 (64.56 per cent) cumulative preference and 23,861 (49.47 per cent) ordinary.

In accordance with requirements of the City Code on takeovers Country and Commercial Property proposes to make offers at the above prices for the remaining shares of each class which it and its associates do not already own.

Reabrook £2.5m acquisition

Reabrook Investment Trust has announced plans to acquire Arrow Chemicals for a total consideration of £2.5m in cash and shares at the pre-suspension price of 55p.

The acquisition will be satisfied mostly through the issue of 4.1m new ordinary shares for which the company will have to seek shareholders' approval at an extraordinary meeting.

Reabrook also expects to lose its investment trust status, and proposes to change the name of the enlarged group to Arrow Chemicals Holdings.

Reabrook has also disposed of its 51 per cent of the shares and loan stock of Gordon Sales and Services, a distributor of refrigeration equipment.

Reabrook has also acquired for £3,000 cash Baraldi, a property company.

EDINBURGH AND GENERAL Mr. D. P. Donnell and family interests have purchased 299,000 ordinary shares, an 8.38 per cent stake, in Edinburgh and General Investments, the reinsurance and insurance broker and underwriting agent.

Mr. Donnell was recently appointed chief executive of the group.

DOWDY GROUP Dowdy Group, the aerospace and industrial and electronics concern, has bought Ripper Systems in a deal worth £250,000.

Ripper is based in Kempston, Bedfordshire, and designs and manufactures communication systems for railways. It is to become part of Dowdy Group's Ultra Electronic Communications company, in the electronics division.

OCL profits drop 25%

LAST YEAR, pre-tax profits of Overseas Containers fell by a quarter to £36.67m, and have suffered from a severe bout of troubles in the shipping sector as well as problems arising from the strength of sterling.

The major setback to profits came despite the almost 20 per cent rise in container rates and the 18 per cent increase in the number of containers handled, to 301,482 units.

The greatest single setback to profits was the £11.7m write-off of unamortised exchange losses.

The operating profit was also hit by the loss of £2.55m on foreign exchange. Profit after tax and minority interest was £17.76m against £48.55m in 1977.

But the company was also hit by a range of non-exchange factors, including industrial disputes at British ports which cost the company £6m in lost revenue.

The company said yesterday that its problems last year were typical of British overseas trade.

There was slack world demand, industrial trouble, strong competitive pressure on rates — from the growing band of competing container operators in all quarters — and rising prices in Britain.

The problems of the refusal of labour at the port of Southampton to handle South African container trade until May hit the company and containers had to be transhipped via the Continent.

But even when the dispute was resolved OCL was further restrained from making the best use of the Southampton facilities by an "unsatisfactory performance" in container handling.

The rate of handling was down by a third on expectations. The company limited its provision for deferred tax to only that payable in the foreseeable future.

The resulting tax charge in the accounts is £5.2m.

The company is still in dispute with the Inland Revenue over exchange losses on foreign currency loans of a subsidiary. Counsel has advised the Board that OCL should succeed in the dispute and accordingly the company has made no provision in the accounts for the extra assessments which may be raised if OCL is unsuccessful. The maximum amount involved is £18.7m.

The historic depreciation of the group's ships and containers fell short of depreciation on a replacement basis by some £22m.

The company decided not to incorporate an inflation adjusted statement into the accounts, as this was considered inappropriate to an industry as cyclical and international as shipping.

See Lex

Howden chief explains UK premiums fall

AN INSTITUTIONAL shareholder asked Mr. Kenneth Grob, chairman of insurance group Howden, at yesterday's annual general meeting why the premium income had fallen from £21m to £15m in the group's UK insurance companies.

The shareholder — the Post Office Staff Superannuation Fund — asked why the fall had taken place when £5m of fresh capital had been injected into the operations.

Mr. Grob replied that the reduction in the premium income had taken place in the second half of the year, a common experience in insurance markets.

Howden reported pre-tax profits of £17.7m for 1978, compared with £20.4m previously.

Jardine Japan Investment Trust Limited

Points from the Statement of the Chairman Mr. Henry Keswick

The net revenue for the year, after provision for taxation, amounted to £136,693 and represented an increase of 30% on the figure of £104,209 for 1977. Accordingly, a dividend of 1.0p per share (0.85p per share for 1977) is being recommended.

In Sterling terms, the Company's net asset value per share rose by 48% from 145p to 215p. This improvement resulted from several causes, in particular the underlying strength of the Japanese Stock Market during 1978, measured by the Tokyo Stock Exchange Index, rose by 24% and the success of the Investment Managers in siting the balance of the portfolio to suit the rapidly changing conditions in the economy and stockmarket during the year.

The Report of the Investment Managers indicates that prospects for the Japanese economy during 1979 are clouded by uncertainty on the international front. This uncertainty, coupled with the tighter domestic monetary conditions which are now anticipated, cause your Directors to believe that a relatively cautious approach to the stockmarket should be adopted during the current year.

Since the end of 1978, the US dollar has, as anticipated by the Investment Managers, strengthened against the yen. This, coupled with a fall in the Japanese stockmarket, has caused the net asset value per share of the Company to decline, to 208p per share at 28th February 1979.

Copies of the Report and Accounts are available from The Secretary of the Company at 3 Lombard Street, London EC3V 9AQ.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Table with columns: Total Assets less current liabilities, Company, Shares or Stock, Date of Valuation, Annual Dividend, Net Asset Value after deducting prior charges, Investment Currency Premium, Total Assets less current liabilities, Company, Shares or Stock, Date of Valuation, Annual Dividend, Net Asset Value after deducting prior charges, Investment Currency Premium.

* Applies to Ordinary/A. Ordinary only. † Company will announce year-end or interim results shortly. ‡ Change in the prior charges since the previous published figures. § Includes special dividend. ¶ Adjusted for scrip issues. ** Adjusted for rights issues. †† See note (b) below. ‡‡ Not directly comparable with previous published figures. §§ Dependent on 'B' share conversions.

UK COMPANY NEWS

(Continued from preceding page)

Loan Notes in the principal amount of \$10,000 bearing the prefix X and the principal amount to be redeemed.

Table with columns: Serial Number, Amount Redeemed, Serial Number, Amount Redeemed, Serial Number, Amount Redeemed, Serial Number, Amount Redeemed. Lists various loan note serial numbers and amounts.

Loan Notes in the principal amount of \$100,000 bearing the prefix C and the principal amount to be redeemed.

Table with columns: Serial Number, Amount Redeemed, Serial Number, Amount Redeemed, Serial Number, Amount Redeemed, Serial Number, Amount Redeemed. Lists various loan note serial numbers and amounts.

Loan Notes in the principal amount of \$500,000 bearing the prefix D and the principal amount to be redeemed.

Table with columns: Serial Number, Amount Redeemed, Serial Number, Amount Redeemed, Serial Number, Amount Redeemed, Serial Number, Amount Redeemed. Lists various loan note serial numbers and amounts.

Accordingly, on May 31, 1979 the Loan Notes or portions thereof so designated for redemption will become due and payable, subject to the deposit of the funds with the Fiscal Agent...

The redeemed Loan Notes (with the exception of the Loan Notes set forth in the following paragraphs) should be presented with all coupons maturing after May 31, 1979.

Certain Loan Notes which were called for redemption in whole or in part on May 28, 1976 have not been presented for payment.

Small table with columns: Serial Number, Amount Redeemed, Serial Number, Amount Redeemed. Lists specific loan note serial numbers and amounts.

Loan Notes in this paragraph should be presented with all coupons maturing after May 28, 1976.

Certain Loan Notes which were called for redemption on May 31, 1977 have not been presented for payment.

Certain Loan Notes which were called for redemption in whole or in part on May 31, 1978 have not been presented for payment.

M1468, M3728, M6780, M6876, M7470, M10453, M10505, M12562, M31706, M32980, M33899, M33901, M33908, M33908, M33914, M33918, M33920, M33926, M33929, M33930, M33931, M33935, M33939, M33942, M33957, M33960, M33968, M34548, M34558, M35111, M35116, M36406, M36472, M44062, M63001, M63145, M63304 M65723, M66888, M66893.

The following Loan Notes in the principal amount of \$10,000 bearing prefix X were called in part:

Small table with columns: Serial Number, Amount Redeemed, Serial Number, Amount Redeemed. Lists specific loan note serial numbers and amounts.

Loan Notes in this paragraph should be presented with all coupons maturing after May 31, 1978.

The holder of any Loan Note which is redeemed in part only upon surrender thereof as above provided shall obtain in exchange for the unredeemed portion thereof at no additional cost an equal aggregate principal amount of Loan Notes of authorized denominations.

BANKERS TRUST COMPANY Fiscal Agent

Dated: April 27, 1979

Companies and Markets

Increase for Border Breweries

PRE-TAX profits of Border Breweries (Wrexham) rose from £808,925 to £885,052 in the year to February 28, 1979, on turnover ahead from £11.42m to £12.28m.

The final dividend of 2.591p net per 25p share takes the total from 3.505p to 3.911p.

Dowding & Mills up 28% midway

Dowding and Mills, the Birmingham-based electrical and mechanical engineers, reports an increase of 28 per cent to £1.04m in group pre-tax profit for the first half of 1978-79.

Ellis and Goldstein well ahead

TAXABLE PROFITS of Ellis and Goldstein (Holdings) jumped from £1.23m to £1.51m in the year to January 31, 1979, on total turnover ahead from £30.59m to £35.69m.

The Board says the value of wholesale orders being taken for this autumn is satisfactory, and the reception of those collections gives encouragement for the second-half.

At midway in 1978 the women's clothing group had progressed from £488,000 to £582,000.

Table with columns: 1978/79, 1977/78, £000, £000. Lists financial data for Ellis and Goldstein.

F. Cooper up to £291,618 at halfway

Taxable profits of Frederick Cooper (Holdings), processor of cold rolled steel strip and formed sections, rose from £252,309 to £291,618 in the half-year to January 31, 1979.

Sheffield Twist hit by stronger pound

The recovery of sterling hit pre-tax profits of Sheffield Twist Drill and Steel Co. The surplus slipped from £2.67m to £2.38m in 1978 on turnover higher at £26.92m, compared with £23.46m.

British Assets goes ahead to £1.93m

Taxable revenue of British Assets Trust rose from £1.5m to £1.93m in the half year to March 31, 1979. The figure was struck after interest and expenses of £726,000 (£728,000).

MINING NEWS De Beers in cooler but 'satisfactory' year

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH the hectic boom conditions of last year are unlikely to be repeated in 1979, "I believe it will still prove to be a satisfactory year for De Beers," says Mr. Harry Oppenheimer in his statement with the South African diamond giant's annual report.

GROWING GERMAN STAKE IN TECK

Metallgesellschaft, the major German minerals group, is to invest a further £522m (£9.45m) in Teck Corporation, the Canadian resources group which earlier this week announced plans to start work on a new copper-molybdenum mine in British Columbia.

Under the terms of the latest agreement, the German group will purchase a package of Class B common shares and a parcel of preferred shares which are convertible into Class B shares.

Lights shine brightly for Falconbridge

THE LIGHTS have come back on again and are shining brightly for Falconbridge Nickel, the second largest of the Canadian producers, reports John Szegniech from Toronto.

First quarter net profits for 1979 is C\$21.2m (£5.1m), or C\$3.99 a share, compared with a loss of C\$2.6m, or a deficit of 73 cents a share, in the same period of last year.

Beralt may pay 4p dividend

BERALT TIN AND WOLFRAM may be able to pay a dividend of 4p a share from the 1978 earnings of its Portuguese operating subsidiary, it was announced yesterday.

ROUND-UP

Canada Tungsten Mining's programme of expansion to increase annual production to 10m lbs from 6m lbs at a cost of C\$15m (£3.4m) is on schedule for completion in July.

Advertisement for Scottish Amicable featuring a large headline 'A record interim bonus from Scottish Amicable' and detailed information about various bonus schemes including Principal Bonus Series, Flexidowment Policy, Flexipension, and Superannuation.

De Beers in 1978

Mr H F Oppenheimer reports

Sales by the Central Selling Organisation in 1978 at US \$2 552 million reached a record level for the third year in succession and exceeded the 1977 figure by 23 per cent. The Group's net attributable profit at R 741 million compared with R 563 million increased by 32 per cent and deferred dividends were raised from 52.5 cents to 65 cents per share, an increase of 24 per cent. Allowing for minority interests the total value of net investments, loan levy at R 95 million and net current assets attributable to De Beers at 31st December was R 1 908 million, or 539 cents per deferred share as compared with 351 cents the previous year.

In accordance with a change in accounting practice which is referred to in the Directors' Report, maintenance capital expenditure is deducted in the diamond account and export duty is now included in the general provision for tax instead of being deducted, as was past practice, from the diamond account. I believe that these changes will help to give shareholders a clearer picture of the situation of the Company. In the accounts the 1977 figures have been adjusted so as to be directly comparable with those for the year under review.

Diamond Market

In my Statement for 1977 I drew attention to an excessive level of speculation in the market for rough diamonds which had resulted in high premiums above CSO prices being paid in the secondary markets. These premiums were related to fears about the instability of currencies and the increasing use of diamonds as a store of value. While the use of diamonds as a store of value is, I believe, likely to continue at a higher level than in the past, the trading of diamonds at prices quite unrelated to those that can be currently sustained in the jewellery market is a threat to the stability of the trade which it is the prime objective of the CSO to maintain. The CSO did not therefore raise its basic prices until it could be satisfied that a higher level would be maintained in the long term, and it dealt with the abnormal trading conditions which had developed by introducing temporary surcharges on top of the basic selling prices which were held at levels judged to be in a sound relationship with conditions in the jewellery trade. Accordingly, at the March sight last year, at the height of the speculative boom, a surcharge of 40 per cent was introduced and as the market gradually returned to more normal conditions the surcharge was progressively reduced to 25 per cent, 15 per cent and 10 per cent for the three successive sights. By August a situation had been reached in the markets for rough and polished diamonds in which it was judged right to cancel the surcharge and replace it with a price increase on a permanent basis. In view of the fact that stocks of polished had built up in the cutting centres we decided on the substantial average increase of 30 per cent in order to encourage the liquidation of these stocks, and in the knowledge that this might result in some temporary reduction in the level of our sales. In practice the demand for rough has continued at a high level but the market is now much quieter and the Christmas jewellery sales were lower than many people had expected. This represents a return to

normality in the market and although in 1979 we are unlikely to experience the hectic boom conditions of 1978, I believe it will still prove to be a satisfactory year for De Beers.

The demand for industrial diamonds has remained strong and sales in 1978 were higher than in the previous year. Synthetic grit sales also increased and substantial expansion programmes are under way to increase the Group's productive capacity particularly in higher qualities and coarser sizes.

Diamond Production

Total diamond production by the Group (including the Orapa and Letlhakane Mines which are owned jointly by De Beers and the

Government of Botswana) was 12 million carats as compared with 11.8 million carats in 1977. The increase was due to higher production from Finsch, Namaqualand and Botswana, offset by slightly lower production from the Kimberley Mines, Koffiefontein and CDM. The major capital programmes, to which I referred last year, undertaken in order to increase the Group's productive capacity, are making good progress. In Namaqualand the new Koiingnaas Mine is now operating at its planned capacity of 500 000 carats per annum and it is of interest to note that production from the Namaqualand Mines now exceeds that from CDM. Work is in progress to increase the productive capacity of Koiingnaas to 750 000 carats a year by 1980 and the Finsch Mine's productive capacity of

2.6 million carats a year is due to be increased to over 3.5 million carats by 1980.

The expansion of Orapa is now complete and production from this mine, which amounted to 2.5 million carats last year, will reach an annual rate of 4.1 million carats in the course of 1979 while Letlhakane, which produced 330 000 carats in 1978 will bring its production to the rate of 400 000 carats a year by the year end. The agreement with the Government of Botswana for the opening of the Jwaneng Mine has now been concluded and work which is estimated to cost about Pula 260 million at this very important property is actively going forward. Altogether our expansion programme is designed to raise the Group's present productive capacity of 12 million carats a year to 19 million carats in 1983.

Prospecting

A large-scale prospecting programme was continued in Africa and also in Brazil and Australia. In South West Africa/Namibia a special effort is being made to establish new reserves which might extend the life of CDM's mining operations. CDM accounts for nearly 20 per cent of the De Beers Company's profits and will be of major importance to the economy of the emergent state of Namibia. CDM is also participating with the Anglo American Corporation Group in prospecting for other minerals in the territory.

Employee Relations

Good progress has been made towards the elimination of the remaining elements of discrimination in regard to conditions of employment on the mines of the Group. By the end of this year all conditions of service in South Africa and South West Africa/Namibia should be aligned on an integrated wage scale on the basis of the Paterson system of evaluation.

Participation by black employees in the Company's home ownership scheme has been steadily expanded and it is planned to widen the scheme this year to include the Premier and Namaqualand divisions for the first time. Training programmes for all employees, which are part of an on-going long-term plan, continue to show encouraging results and it is intended to broaden their scope.

As I write this Statement the Minister of Finance has announced in his budget the removal of the 2.5 per cent discriminatory surcharge on the taxation paid by diamond (and gold) mining companies and a lowering by one-third of the loan portion of taxation on all companies. Both these changes are greatly to be welcomed.

Directorate

Mr G. W. H. Rely, a deputy Chairman of the Anglo American Corporation of South Africa Limited, was appointed a Director of the Company on 18th December, 1978. Mr A. S. Hall, the resident Director in Kimberley, retired after 50 years with the Company. Mr Hall's position has been filled by the election to the Board of Mr F. M. Hodgson.



De Beers

De Beers Consolidated Mines Limited

De Beers Consolidated Mines Limited
(Incorporated in the Republic of South Africa)

For the full Report & Accounts for 1978 including the Chairman's Statement, please send this coupon to:
The London Secretaries, Room 1, 40 Holborn Viaduct,
London EC1P 1AJ.

Name _____
Company _____
Address _____

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Companies and Markets

NORTH AMERICAN NEWS

Sharp earnings gains for oil majors

THREE MORE leading oil groups have produced sharply higher first-quarter earnings. Standard Oil of Ohio (Sohio), the BP subsidiary in the U.S., reported that its earnings in the fourth quarter quadrupled from \$41.5m to \$167.5m.

single oil field in the U.S. The rise in profits will undoubtedly be seized on by industry critics who argue that the oil companies are profiting too much from rising oil prices.

domestic profit decline to the high cost of product purchases on the spot market and inability to fully recover increased costs.

Calendar of DM foreign bonds shows sharp fall

A MAXIMUM of DM 475m worth of foreign Deutsche-Mark bonds will be floated during the next four weeks in the DM foreign bond market.

Leasing International, the other for Canadian Pacific, both through Orion Bank. The first is for \$20m in the form of a five-year bullet, carrying an indicated coupon of 11 per cent.

Good start at Eastman Kodak

NEW YORK — Eastman Kodak enjoyed a strong first quarter, boosting net earnings for the first three months of 1979 by 40 per cent.

CAB allows Southern Airways merger with North Central

THE Civil Aeronautics Board yesterday issued its first approval of a merger in the U.S. airline industry for more than seven years when it gave the go-ahead for the amalgamation of Southern Airways and North Central Airlines.

Most analysts believe it does not offer much of a clue to the CAB's possible stand on the batch of merger proposals involving National Airlines.

North Central, which is the larger of the two airlines, with revenues last year of \$76.3m, will be the dominant partner and its management will fill the top positions.

Manufacturers Hanover buys UK bank

MANUFACTURERS HANOVER Trust Company said in London yesterday that it has received Federal Reserve Board authorization to raise the equity ownership of its London merchant bank subsidiary from 75 per cent to 100 per cent by acquiring the minority interest now held by three institutions.

McGraw-Hill after the battle

On Tuesday, by contrast, their determined opposition to the Board came to the surface as a remarkable 12 per cent of votes were cast against the Board and only 67 per cent in favour.

casting further earnings gains for 1979 to follow the 24 per cent a year growth of the past three years and predicting "three more record years."

Mr. Robinson says. He is equally certain, however, that the view that "professional management can manage anything" is "an accident looking for a place to happen."

National Airlines chief attacks TXIA terms

IN A STATEMENT to shareholders, Mr. L. B. Maytag, chairman and chief executive of National Airlines, strongly attacked Texas International Airlines' (TXIA) revised merger proposal for National.

Nuclear utility cuts dividend

GENERAL Public Utilities (GPU), the owner of the Three Mile Island nuclear plant, yesterday cut its quarterly dividend by nearly half to 25 cents a share.

Treasury plans to raise \$2.5bn

THE U.S. Treasury plans to raise \$2.5bn in new cash through a sale of notes and bonds next week.

FT INTERNATIONAL BOND SERVICE

Table listing international bond issues with columns for U.S. Dollar, Change on, Bid, Offer, Day, Week, Yield.

AMERICAN QUARTERLIES

Table of quarterly financial data for various companies including Allegheny Ludlum Industries, Curtiss-Wright, Mackie, Porex, and others.

DIAMOND INTERNATIONAL

Table of quarterly financial data for Diamond International, MESA Petroleum, Richardson-Merrell, and others.

AND OHIO

Table of quarterly financial data for And Ohio, Tesoro Petroleum, Texas Eastern, and others.

CONVERTIBLE BONDS

Table of convertible bond issues with columns for Conv. Conv. Cdn. Cng. and other metrics.

Setback at Alliance as costs rise

By L. Daniel in Tel Aviv
ALLIANCE — ISRAEL'S only tyre producer and exporter, has announced that its gross profit declined sharply in 1978, by 60 per cent to \$86.7m, before tax.

All-round advance for Indian bank

By P. C. Mahanti in Calcutta
UNITED BANK OF INDIA, the Indian nationalised commercial bank, has reported a higher rate of deposit growth, larger advances and investments, and an increase in net profit for 1978, compared with 1977.

That the rate of deposit growth increased—and did not fall as was expected with the lowering of interest on deposits—reflects the bank's deposit raising steps.

The bank's advances also grew substantially—from Rs 5.19bn to Rs 5.74bn—of which as much as 32 per cent was on account of loans to priority sectors of the economy, such as agriculture, small industry and business, retail trade, self-employed persons, and exports.

This was in keeping with the Government's directive to commercial banks to increase their loans to priority sector borrowers.

A noteworthy feature of the bank's lending to the priority sectors was a substantial stepping up of assistance for minor irrigation. This was channelled through official agencies in the eastern states of West Bengal, Orissa and Bihar.

JAPANESE SUPERMARKETS

Higher profits despite sluggish sales

By YOKO SHIBATA IN TOKYO

JAPAN'S SEVEN major supermarket chain operators—Dai-ichi, Ito-Yokado, Seiyu Stores, Jusco, Nichii, Uny and Nagasakiya—showed profit gains for the fiscal year to February, despite unfavourable business conditions.

Each company took steps to raise funds at lower interest cost through overseas convertible issues, or through share issues on the domestic market. Jusco reduced its borrowing by the reduction of borrowings and by shifting fund raising to the capital market.

RESULTS FOR YEAR TO FEBRUARY 1979

Table with 4 columns: Sales, Operating profit, Net profit, and their respective changes for various companies like Dai-ichi, Ito-Yokado, Jusco, etc.

Y24.7bn (\$113.2m) and Uny by Y11.7bn. For the current fiscal year, ending February 1980, all seven stores expect sound gains in profits and sales.

At Jusco, operating profits are expected to be Y12.5bn (up 16 per cent), net profits Y7.2bn (up 18 per cent), and sales Y51.0bn (up 14.6 per cent), while Nichii forecasts operating profits of Y12.5bn (up 22.5 per cent), net profits at Y7bn (up 23 per cent), and sales of Y42.0bn (up 20 per cent).

Yen revaluation upsets Makita

By ARTHUR DAWSON

JAPAN'S LARGEST power tool manufacturer, Makita Electric Works, reports that net sales advanced by 10.9 per cent to Y49.68bn (\$248m) for the year ended February 20 compared with the preceding year but net income decreased 13.7 per cent to Y3.406bn (\$17m), largely as the result of the revaluation of the Yen.

To a lesser extent, a decline in net interest income Y522m also contributed to the lower income total. Earnings per common share or Continental Depository Receipts were Y83.9 against earnings per American depository share (1 ADR equals 5 common shares) were \$1.70 against \$2.096.

Finance house for China trade

HONG KONG—The Bank of China and its associate banks in Hong Kong have set up a finance company mainly to finance projects relating to China's modernisation programme.

The company, China Development Finance Company (Hong Kong), capitalised at HK\$50m is owned as to 25 per cent by the Bank of China, while the rest is owned by the bank's 12 associate banks and three China-backed insurance companies, the newly formed company said.

Chugai Pharmaceutical

TOKYO — Chugai Pharmaceutical Company, a major Japanese drug maker, has announced consolidated net profit for the year ended December 31 of the Y3.04bn (\$13.9m). Sales on the same basis came to Y37.82bn.

Kansai Paint forecasts record year

OSAKA — After suffering a huge loss in fiscal 1975 in the wake of the oil crisis, Kansai Paint, Japan's top paint maker, hopes that its current account profit in the year ended March, 1979 will hit a record high, Mr. Yutaka Wakigawa, the executive director, said here.

product prices would go up because of shrinking supply due to our production cutback. That year, Kansai Paint's output declined to about 153,000 metric tons from about 160,000 tonnes the previous year.

ended this March, the company expects current account profits to hit a record Y2.8bn on sales of around Y88bn. The net profit for the latest year is expected to register around Y1.2bn, up from Y858m.

Philipp and Lion in Singapore

By GEORGIE LEE IN SINGAPORE

PHILIPP AND LION, the London Metal Exchange ring-dealing member, has set up a subsidiary, Phil-Lion Sea, in Singapore to act as a regional representative office.

ASEAN industrial clients who deal mainly in physical commodities. Besides dealing in copper, zinc, lead, tin, silver, aluminium and nickel, in which the parent company is active, the Singapore office will also trade in gold, cocoa, coffee, and sugar.



A major European-based international company with substantial resources is looking for opportunities to invest in or acquire companies based in the United Kingdom with an annual turnover between £3 million and £100 million.

The European company would like to acquire a minimum 50 per cent holding although they would prefer a full takeover.

Companies interested in considering such a proposal should conform to the following—

- * They must already be operating internationally or with the additional resources from the European company have the potential for developing international activities.
* They must not be consumer orientated.
* They must have a reasonable market share with the potential for becoming market leader.
* They must meet the following financial criteria:
15-20 per cent return on assets before tax and interest
12 per cent return on capital after tax and interest
5-10 per cent potential growth rate in real terms.

It is a condition of any purchase that the existing Management remain with the Company.

For further information, please contact: Peter Biddlecombe, 11a Albemarle Street, London W1X 3HE. Telephone: 01-629 3367.

International Business Counsel.

LOCAL AUTHORITY BONDS
Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-625 1101. Index Guide as at April 18, 1979 (Base 100 on 14.1.77)

ALLEN HAYES & ROSS INVESTMENT MANAGEMENT LTD.
45 Cornhill, London, EC3V 3PE. Tel: 01-623 6314. Index Guide as at April 26, 1979

International Utilities Overseas Capital Corporation
3/4% Guaranteed Shipping Bonds Due 1982

NOTICE IS HEREBY GIVEN that pursuant to condition 5 of the terms and conditions of the Bonds and Clause 2 of the Trust Deed dated as of the 15th day of May, 1973 between International Utilities Overseas Capital Corporation, "the Company", Götas-Larsen Shipping Corporation, "the Guarantor", The Law Debenture Corporation Limited, "the Trustee", the Bonds bearing the following serial numbers have been drawn for redemption on 15th May, 1979 by operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof.

Table of BOND NUMBERS with columns for serial numbers and corresponding values.

The above numbered bonds will be redeemed at the principal offices of Chemical Bank, 55 Water Street, New York, N.Y. 10041 U.S.A., Chemical Bank, Avenue des Arts, 46, B1040, Brussels, Belgium, Chemical Bank, 180 Strand, London WC 2R 1ET, England and Kredietbank S.A., Luxembourg, 37 rue Notre-Dame, Luxembourg, upon surrender of such Bonds for payment and cancellation.

Chemical Bank on behalf of International Utilities Overseas Capital Corporation
Dated: April 27, 1979

IHI Ishikawajima-Harima Heavy Industries Co. Ltd.
U.S. \$50,000,000 Guaranteed Floating Rate Notes Due 1985
For the six months April 27th, 1979 to October 27th, 1979

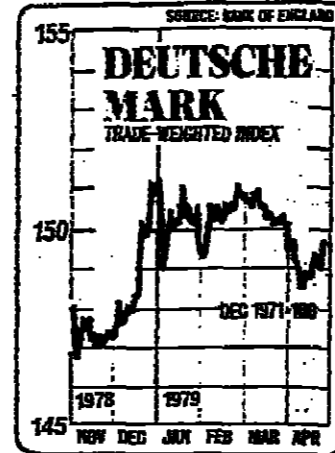
U.S. \$25,000,000 Floating Rate U.S. Dollar Negotiable Certificates of Deposit, due 29th October, 1981
THE DAI-ICHI KANGYO BANK, LIMITED LONDON
Merrill Lynch International Bank Limited Agent Bank

Bank of British Columbia (A Canadian chartered bank)
Can. \$10,000,000
10 1/4% Debentures due May 15, 1989
The following have agreed to subscribe or procure subscribers for the Debentures:
Wood Gundy Limited, A. E. Ames & Co. Limited, Banque Nationale de Paris, Credit Suisse First Boston Limited, Deutsche Bank Aktiengesellschaft

CURRENCIES, MONEY and GOLD

Dollar steady

THE DOLLAR showed little change in the foreign exchange market yesterday. Its trade-weighted index, as calculated by the Bank of England, rose to 88.0 from 87.9. In terms of the D-mark, the U.S. currency fell to DM 1.8915 from DM 1.8930, and the SwFr 1.7100 from SwFr 1.7100 against the Swiss franc. The dollar eased slightly to ¥218.00 to ¥218.20 in terms of the Japanese yen, and to terms of the Japanese yen, and to terms of the Japanese yen, and to terms of the Japanese yen...



THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, Three months, Six months. Lists exchange rates for various currencies including U.S., Canada, New Zealand, Belgium, Denmark, Ireland, Netherlands, U.S. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, and Switzerland.

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CURRENCY RATES

Table with columns: April 25, Bank Rate, Special Drawing Rights, European Currency Unit, Apr. 26, Bank of England, Morgan Guaranty. Lists rates for Sterling, U.S. \$, Canadian \$, Australian \$, New Zealand \$, Hong Kong \$, etc.

OTHER MARKETS

Table with columns: Apr. 26, Note Rates. Lists rates for Argentina, Australia, Brazil, Finland, Greece, Hong Kong, Iran, Kuwait, Luxembourg, Malaysia, New Zealand, Saudi Arabia, Singapore, and S.W. African Rand.

ahead of the U.S. consumer price index, but the rise of 1 per cent in the March figure came as little surprise to the market. Towards the close the U.S. currency eased slightly to DM1.8915, after ranging between DM1.8880 and DM1.8935 in the morning. MILAN—The dollar improved against the lira at the fixing, rising to L843.95 from L844.95, and from an early rate of L843.50. The Bank of Italy was a net buyer of dollars in official trading. Sterling fell sharply to L1.730.50 from L1.748.15, while the Deutsche Mark rose slightly to L446.61 from L446.17. Other EMS currencies were steady in fairly active trading.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM1.8925 against the D-mark yesterday. The market remained nervous ahead of the U.S. consumer price index, and trade figures for March.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, Current rate, % change from April 25, % change adjusted for divergence, Divergence limit %. Lists rates for Belgian Franc, Danish Krone, German D-mark, French Franc, Dutch Guilder, Irish Punt, Italian Lira, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Apr. 26, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen. Lists interest rates for various terms like 7 day's notice, 1 month, 3 months, 6 months, 9 months, 12 months.

EXCHANGE CROSS RATES

Table with columns: Apr. 26, Pound Sterling, U.S. Dollar, Deutschemark, Japanese Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canadian Dollar, Belgian Franc. Lists cross rates between various currencies.

INTERNATIONAL MONEY MARKET

Interest rates showed little change following the 1 per cent rise in March in U.S. consumer prices compared with a 1.2 per cent rise in February. Trading was generally quiet with Federal funds at 10-10 1/2 per cent, slightly easier than Wednesday's levels. Treasury bills were quoted at 8.07 per cent for 28-week and 8.93 per cent for 26-week bills.

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979). Day to day credit remained in short supply in the London money market yesterday, and the authorities gave an extremely large amount of assistance. They bought a small amount of Treasury bills both directly and indirectly and a small number of eligible bank bills for resale at fixed future dates.

LONDON MONEY RATES

Table with columns: Apr. 25 1979, Sterling, Interbank, Local Authority, Local Authority, Finance House, Company, Discount, Treasury, Eligible Bank, Fine Trade. Lists money market rates for various terms like Overnight, 2 days notice, 7 days notice, 1 month, 2 months, 3 months, 6 months, 9 months, 12 months.

GOLD

Gold closed unchanged at \$242.243 in moderate trading. It opened at \$243.243, and was fixed at \$242.25 in the morning and \$242.50 in the afternoon. Trading was moderate with the metal improving to \$243.243 in the U.S. after the London close. The long-run premium over the gold content narrowed to 5.61 per cent from 6.03 per cent.

NEW YORK RATES STEADY

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MONEY RATES

Table with columns: Prime Rate, Fed Funds, Treasury Bills, GERMANY, JAPAN, FRANCE. Lists money market rates for various currencies and terms.

Advertisement for Hapoalim International N.V. featuring a diamond logo, the text 'US\$50,000,000', 'Hapoalim International N.V.', 'Guaranteed Floating Rate Notes 1984', and 'Bank Hapoalim B.M.'. Includes details about the notes and contact information for N. M. Rothschild & Sons Limited.

Advertisement for EURO BONDS. Text: 'Before you trade in U.S. Government Securities talk to Lanston, the U.S. Government Specialist in New York.' Includes an illustration of a cityscape and contact information for Lanston, The U.S. Government Securities Specialist.

Advertisement for CREDIT COMMERCIAL DE FRANCE PARIS. Text: 'The Annual General Meeting was held in Paris on the 25th April, 1979, under the Chairmanship of Mr. Jean-Maxime Léveque...'

Advertisement for British Limbless Ex-Service Men's Association. Text: 'WE, THE LIMBLESS, LOOK TO YOU FOR HELP. We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus...'

Advertisement for Tokyo Pacific Holdings N.V. Text: 'Tokyo Pacific Holdings N.V. Curaçao, Netherlands Antilles. At the Annual General Meeting of Shareholders held on 26th April, 1979 a cash dividend of US\$ 0.50 per Ordinary Share was declared...'

Advertisement for Tokyo Pacific Holdings (Seaboard) N.V. Text: 'Tokyo Pacific Holdings (Seaboard) N.V. Curaçao, Netherlands Antilles. At the Annual General Meeting of Shareholders held on 26th April, 1979 a cash dividend of US\$ 0.365 per Ordinary Share was declared...'

APPOINTMENTS

Board change at Yorkshire Bank

Sir Anthony Touche has been appointed to the Board of YORKSHIRE BANK replacing Mr. Alan Russell, who has retired. Sir Anthony has been a director of National Westminster Bank since 1967 and became a deputy chairman in 1977.

APPOINTMENTS

Head of Finance

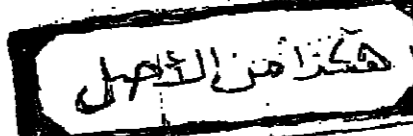
for an established and rapidly developing financial institution, which manages funds in excess of £350m from a base in the west of Scotland.

- THIS IMPORTANT SENIOR ROLE is responsible to the chief executive for all matters affecting the financial resources of the institution. Emphasis is on financial planning and control, investment management and liaison with other financial and government institutions.

Write in complete confidence to P. Craigie as adviser to the institution.

TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS 12 CHARLOTTE SQUARE and LONDON WIN 6DJ



International Taxation Executive

One of the very largest British companies with interests spread throughout the world is strengthening its London headquarters taxation department.

- RESPONSIBILITY within a high calibre professional team will be for providing legal advice on the tax implications of legislation projects and developments world wide.

Write in complete confidence to R. T. Addis as adviser to the company.

TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS 10 HALLAM STREET LONDON W1N 6DJ

COMPANY NOTICES

UNILEVER N.V. Rotterdam, The Netherlands

ANNUAL GENERAL MEETING OF SHAREHOLDERS

On Wednesday May 16 1979 at 10.30 a.m. in the Ritz Hotel, London, the Annual General Meeting of Unilever N.V. will be held.

London, Monday, May 14, 1979. Sir Anthony Touche has been appointed to the Board of Yorkshire Bank replacing Mr. Alan Russell, who has retired.

Mr. Victor Lamson joins the partnership on May 1. Mr. W. J. Long will cease to be a member of LAING AND CRUICKSHANK, stockbrokers, from May 15 to take up a position outside the Stock Exchange.

Mr. John R. Hopwood has been elected president of the BRITISH LAMPBLOWN SCIENCE AND MANUFACTURERS ASSOCIATION. He is a director of Wood Brothers Glass Company and the youngest president of BLSMA since its formation in 1917.

SECRETARY to the Scottish Development Agency

The Scottish Development Agency has responsibilities for investment in the development and promotion of Scottish-based industry and the environment. These are carried out through a small top executive group, reporting directly to the Chief Executive.



Logistics Manager - Europe

- ◆ Our client is a significant international company - a world leader in its field - with European headquarters near Frankfurt.

GROSVENOR STEWART Executive Search and Selection

ALGEMENE BANK NEDERLAND N.V.

At the Annual General Meeting held on 27th April 1979 a final dividend of Dfl. 12.00 per share was declared payable at the discretion of the shareholders.

RENEW INCORPORATED NOTICE TO E.D.R. HOLDERS

On 16th April 1979 the Board of Directors met and issued the following report: ANNUAL BUSINESS RESULTS Audited and on a consolidated basis:

Table with 4 columns: Year (1978, 1977, 1976, 1975), Net sales, Income before income tax, Income tax, Income from consolidated operations, Equity interest on earnings of subsidiaries, Net income.

CENTENARY FUND S.A.

Registered Office: Luxembourg, Rue de la Loi, 17. The Board of Directors has decided on April 13th 1979 to propose the annual general meeting of shareholders.

ART GALLERIES

LEVEVE GALLERY, CONTEMPORARY ARTS, 11, Newington Green, London, N.17. Tel: 01-493 1922.

FOOD PRICE MOVEMENTS

Table with 4 columns: Item, April 26, Week ago, Month ago. Items include Bacon, Butter, Cheese, Eggs, Beef, Lamb, Pork, Poultry.

UNIVERSITY APPOINTMENTS

UNIVERSITY OF ESSEX FOUNDATION CHAIR IN LAW Applications are invited from candidates with interests in any of the principal branches of law for the foundation chair in law for appointment on 1st October 1979.

CHIEF FINANCIAL OFFICER

For New Swiss Trading Company Have LC and FX experience plus normal Treasury background. Swiss resident or work permit required.

PUBLIC NOTICES

REDFORDSHIRE COUNTY COUNCIL Bills of £4,000,000.00. WILTSHIRE COUNTY COUNCIL Bills of £3,500,000.00. GLOUCESTERSHIRE COUNTY COUNCIL Bills of £2,500,000.00.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976 ASHLEY MILKES LIMITED NOTICE IS HEREBY GIVEN pursuant to the provisions of the Companies Act 1948 that a Meeting of the Creditors of the above-named Company will be held at the offices of Messrs EDWARD CURTIS & CO.

THE COMPANIES ACT, 1948 EXECUTIVE LEASING LIMITED By Order of the Registrar of Companies, dated the 27th day of March, 1979.

IN THE MATTER OF EXQUISITE HOUSEHOLD SELECTIONS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948 NOTICE IS HEREBY GIVEN that the creditors of the above-named company...

IN THE MATTER OF HUSBEDGE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948 NOTICE IS HEREBY GIVEN that the creditors of the above-named company...

IN THE MATTER OF NICHII CO. LTD. NOTICE TO EDR HOLDERS Advice has been received from Tokyo to advise holders of the shares of NICHII CO. LTD. as follows:

IN THE MATTER OF PHILIP MONJACK, LIQUIDATOR. NOTICE IS HEREBY GIVEN that the creditors of the above-named company...

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WORLD STOCK MARKETS

Companies and Markets

Early lower levels on Wall St.: Utilities weak

INVESTMENT DOLLAR PREMIUM... Effective 5/1/79... LOWER LEVELS developed in moderately active trading on Wall Street yesterday.

Among the actives, Resorts International "A" fell \$1 to \$47... Among Utilities, Public Service dropped \$1 to \$101... Duke Power, which has several nuclear plants similar to the Three Mile Island Station, topped the active list, slipping \$1 to \$16.

100 FRS to \$30 and Societe Generale FRS 10 to 2.025... In the Warehouse list, GE-Inno-BM gained Frs 25 to 2.650... Daimler-Benz take-over rumors. Presse Financiere were active and up SwFr 5 to 250.

Indices

Table with columns for indices: NEW YORK - DOW JONES, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Includes values for Industrial, Composite, and Utility indices.

Table with columns for Standard and Poors, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Includes values for Industrial, Composite, and Utility indices.

Table with columns: Stock, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Lists various stocks like IBM, AT&T, and General Electric.

Table with columns: Stock, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Lists various stocks like Ford, GM, and Chrysler.

Table with columns: Stock, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Lists various stocks like Shell, BP, and British Petroleum.

Table with columns: Stock, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Lists various international stocks like Japanese and European equities.

Table with columns: Stock, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Lists various stocks including pharmaceuticals and technology.

Table with columns: Stock, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Lists various stocks including energy and industrial companies.

Table with columns: Stock, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Lists various stocks including metals and mining.

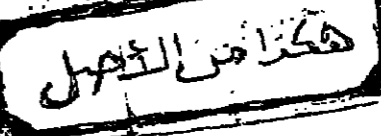
Table with columns: Stock, Apr. 25, Apr. 26, Apr. 27, Apr. 20, Apr. 19, Apr. 18, High, Low, High, Low. Lists various stocks including international and regional equities.

Table with columns: Series, Vol., Last, Vol., Last, Vol., Last, Stock. Titled 'EUROPEAN OPTIONS EXCHANGE'.

Table with columns: Bank, Rate. Titled 'BASE LENDING RATES'.

Table with columns: Stock, Price, Div. Yield. Titled 'AMSTERDAM' and 'COPENHAGEN'.

Table with columns: Stock, Price, Div. Yield. Titled 'PARIS' and 'LONDON'.



COMMODITIES and AGRICULTURE

Japan and Russia sign salmon deal

By David Satter in Moscow
A PROTOCOL governing salmon fishing by the Japanese in the north-west Pacific this year has been signed by the Soviet Union and Japan.
It calls for increased compensation for the Soviets but no rise in the size of the Japanese catch.

New milk price rise urged

BY RICHARD MOONEY
ROUSEWIVES are threatened with higher milk prices following a call by the Dairy Trade Federation for a 4p a pint retail price increase to compensate for increased labour costs.

New bid to end nickel strike

By John Edwards, Commodities Editor
TALKS AIMED at ending the seven-month-old strike at International Nickel's Sudbury plant in Ontario, Canada, resumed last night.

UK FARMLAND

Assessing the true value

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT
so the relief loses their value. This has led to a demand from the National Farmers Union that the valuation of farms for taxation should not be based on open market sales, when they are transferred at a profit or for any other reason other than outright sale.

Brazil coffee chief to visit Europe

RIO DE JANEIRO - The new Brazilian Coffee Institute (IBC) president, Octavio Rainho, will attend the annual meeting of the European Coffee Roasters Association in Strasbourg next week, reports Reuters.

Compromise U.S. Sugar Bill agreed

THE U.S. House Agriculture Committee has approved a three-year Sugar Bill carrying an initial 1979 market price objective of 15.8 cents a pound which may be supplemented by a direct producer payment of up to 0.5 cents a pound.

Rallied

On the London Metal Exchange yesterday copper prices rallied from Wednesday's setback encouraged by reports of trade buying interest, including Chinese inquiries.

Australian wool exports likely to rise

CANBERRA - The Australian Bureau of Agricultural Economics has raised its forecast of wool exports in the 1978/79 season ending June 30 to 706m kilos, greasy equivalent. This compares with 1977/78 exports of 633m kilos.

BRITISH COMMODITY MARKETS

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for BASE METALS, COPPER, TIN, ZINC, and WHEAT.

AMERICAN MARKETS

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for COCAINE, COFFEE, SUGAR, and WHEAT.

PRICE CHANGES

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for METALS, COPPER, TIN, ZINC, and WHEAT.

INDICES

Table with columns for INDEX NAME and VALUE. Includes sections for DOW JONES and FINANCIAL TIMES.

INSURANCE BASE RATES

Table with columns for PROPERTY GROWTH and VANBURGH GUARANTEED, showing percentages.

CORAL INDEX: Close 545-550

Table with columns for COMMODITY, UNIT, and PRICE. Includes sections for SILVER, COCAINE, and RUBBER.

WHEAT

Table with columns for WHEAT TYPE, UNIT, and PRICE.

WHEAT

Table with columns for WHEAT TYPE, UNIT, and PRICE.

Nickel Inter Commodities Limited advertisement. Includes contact information: Derrek Adler, Inter Commodities Ltd, 3 Lloyd Avenue, London EC3N 4DS. Telephone: 01-481 9827.

COCAINE advertisement. Text: COCAINE futures remained steady throughout a quiet and featureless day close 100 higher than last night's levels, reports CII.

MEAT COMMISSION advertisement. Text: MEAT COMMISSION - Average list price at representative markets on April 26, 1979.

EUROPEAN MARKETS advertisement. Text: ROTTERDAM, April 26. U.S. No. 2 Dark Hard Winter wheat, 13.5 cents, unquoted.

Equity markets falter after breaking new high ground and index closes 5.8 down at 546.9—Gilts subdued

Account Dealing Dates
Option
First Declara- Last Account
Dealings tions Dealings Day

A Promising start in equity markets reflected confident anticipation early yesterday that the past two days upsurge, which has taken equities into record high ground, would continue.

Thereafter and the index drifted back to close at its lowest of the day, showing a fall of 5.8 at 546.9. The eagerly awaited results from Vickers, 3 cheaper at 204p, after 200p, were in line with most expectations.

Improvement of 4 to 332p in Simon Engineering. Hall Engineering encountered fresh demand at 150p, up 6, and Baker Perkins improved further to 159p after setting at 156p for a net rise of 5. Gains of 5 were also recorded in Babcock and Wilcox, 133p, B. Elliott, 230p.

FINANCIAL TIMES STOCK INDICES. Table with columns for dates (April 25-30) and various indices (Government Secs, Fixed Interest, Industrial, Gold Mines, etc.)

HIGHS AND LOWS. Table with columns for High and Low prices for various stock categories like Govt. Secs, Fixed Int., Ind. Ord., Gold Mines, S. Ex. p.m.

opened a shade firmer then fell away before hardening a fraction in the closing. Rio Tinto-Clon, which figured prominently in our list of active stocks, fell to 334p prior to closing 3 cheaper on balance.

OPTIONS. Table with columns for DEALING DATES and RISES AND FALLS YESTERDAY, listing various financial instruments and their changes.

HK and Shanghai firm Home banks turned reactionary on sporadic profit-taking. Barclays rose to 500p before closing 3 cheaper at 492p, while Lloyds softened 5 to 340p.

Hoover disappoints The miscellaneous industrial leaders suffered a technical reaction and closed with the retreat at 232p, down 12, while Beecham gave up 3 to 229p, after 235p. RSC opened at 311p, after 312p.

LONDON TRADED OPTIONS. Large table with columns for Option, Ex. r.c. to closing price, Closing offer, Vol., Equity close, and months (July, Oct., Jan., May, August, November).



ARON GREEN, EPSON DOWNS 1863, STONE-GT-TRENT CITY MUSEUM AND ART GALLERY.

Come to Piccadilly for a day at the races. Visit the Royal Academy and within minutes you will be experiencing the excitement of the Epsom Derby.

ACTIVE STOCKS. Table listing various stocks (GEC, ICI, Shell, etc.) with columns for Denomination, Closing price, Change on day, and 1979 high/low.

RECENT ISSUES. Table listing recent stock issues (P.F.P., N.P.P., etc.) with columns for Issue Price, Amount, Stock, and other details.

NEW HIGHS AND LOWS FOR 1979. Table listing securities that set new highs or lows in 1979, categorized by industry (LEISURE, PAPER, etc.).

FIXED INTEREST STOCKS. Table listing various fixed interest securities (F.P., N.P., etc.) with columns for Issue Price, Latest Revalue, Stock, and other details.

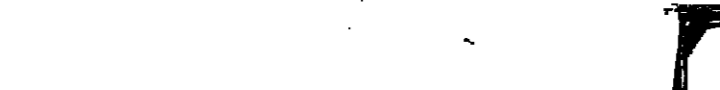
"RIGHTS" OFFERS. Table listing rights offers for various companies (Abercrombie, Armour, etc.) with columns for Issue Price, Latest Revalue, Stock, and other details.

FT-ACTUARIES SHARE INDICES

Table showing FT-Actuaries Share Indices for various EQUITY GROUPS and SUB-SECTIONS (Capital Goods, Building Materials, etc.) for Thursday, April 26, 1979, and previous dates.

Table showing Fixed Interest Price Indices for various categories (British Government, Under 5 years, 5-15 years, etc.) for Thursday, April 26, 1979.

DERBY DAY 200 EXHIBITION. Text at the bottom of the page promoting the exhibition at the Royal Academy of Arts, Piccadilly, London.



AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Friends Provident Unit Trust, and others, including their managers and performance data.

Table listing insurance and property bonds, including companies like Prudential, National Westminster, and others, with their respective policies and terms.

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Table listing offshore and overseas funds, including companies like Alexander Fund, Keyser-Hillmann Ltd, and others, with their investment strategies and performance.

NOTES: Prices do not include 5% premium, except where indicated... and are in pence unless otherwise indicated.

FOOD, GROCERIES—Cont.

Table of stock prices for various food and grocery companies, including items like Borden, Campbell Soup, and Heinz.

Table of stock prices for hotels and caterers, including establishments like the Ritz and various hotel chains.

Table of stock prices for industrial companies, including firms like ICI, Shell, and various chemical manufacturers.

Table of stock prices for electrical and radio companies, including manufacturers like Philips and Grundig.

Table of stock prices for food and grocery companies, including various supermarket chains and food processors.

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Table of stock prices for food and grocery companies, including various supermarket chains and food processors.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

Table of stock prices for various bond and rail companies.

BANKS & HP—Continued

Table of stock prices for various banks and hire purchase companies.

CHEMICALS, PLASTICS—Cont.

Table of stock prices for various chemical and plastic companies.

ENGINEERING—Continued

Table of stock prices for various engineering companies.

AMERICANS

Table of stock prices for American companies.

BEERS, WINES AND SPIRITS

Table of stock prices for various beer, wine, and spirit companies.

DRAPERY AND STORES

Table of stock prices for various drapery and store companies.

Five to Fifteen Years

Table of stock prices for companies with a 5 to 15 year history.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of stock prices for various building, timber, and road companies.

Electrical and Radio

Table of stock prices for various electrical and radio companies.

Over Fifteen Years

Table of stock prices for companies with a history of over 15 years.

CANADIANS

Table of stock prices for Canadian companies.

Electrical and Radio

Table of stock prices for various electrical and radio companies.

Undated

Table of undated stock prices.

BANKS AND HIRE PURCHASE

Table of stock prices for various banks and hire purchase companies.

Electrical and Radio

Table of stock prices for various electrical and radio companies.

INTERNATIONAL BANK

Table of stock prices for international banks.

COMMONWEALTH & AFRICAN LOANS

Table of stock prices for various commonwealth and African loan companies.

Electrical and Radio

Table of stock prices for various electrical and radio companies.

Public Loans and Ind.

Table of stock prices for public loans and industrial companies.

FOREIGN BONDS & RAILS

Table of stock prices for various foreign bonds and rail companies.

Electrical and Radio

Table of stock prices for various electrical and radio companies.

FINANCIAL TIMES

Published in London & Frankfurt. Head Office: The Financial Times Limited, Bracken House, 10, Cannon Street, London EC4A 3DF.

CHEMICALS, PLASTICS

Table of stock prices for various chemical and plastic companies.

FOOD, GROCERIES, ETC.

Table of stock prices for various food, grocery, and other companies.

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Tel: 12178. Telex: 240 555.

CHEMICALS, PLASTICS

Table of stock prices for various chemical and plastic companies.

ENGINEERING MACHINE TOOLS

Table of stock prices for various engineering and machine tool companies.

SUBSCRIPTIONS

Copies obtainable from newspapers and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London.

CHEMICALS, PLASTICS

Table of stock prices for various chemical and plastic companies.

ENGINEERING MACHINE TOOLS

Table of stock prices for various engineering and machine tool companies.

Healey & Baker SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE. 01-629 9292

BRITISH FUNDS "Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

INTERNATIONAL BANK

COMMONWEALTH & AFRICAN LOANS

Public Loans and Ind.

FINANCIAL TIMES PUBLISHED IN LONDON & FRANKFURT

EDITORIAL OFFICES

ADVERTISMENT OFFICES

Birmingham: George House, George Road. Tel: 22484. Telex: 22484 499 8300.

CHEMICALS, PLASTICS

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ENGINEERING MACHINE TOOLS

Table of stock prices for various engineering and machine tool companies.

FOOD, GROCERIES, ETC.

Table of stock prices for various food, grocery, and other companies.

Handwritten Arabic text at the bottom of the page.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, ICI, and Unilever, with columns for stock price, price change, and volume.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity and Commercial Union Assurance.

PROPERTY—Continued

Table of property stocks including companies like British Land and Anglo-Scottish.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture and British Overseas.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like National Westminster and City of London.

DAIWA BANK logo and text: a fully integrated banking service. Head Office, Osaka, Japan.

MINES—Continued

Table of Australian mining stocks including companies like BHP and Anglo-American.

TINS

Table of tin stocks including companies like Inco and Anglo-Tin.

OVERSEAS TRADERS

Table of overseas trading companies including Anglo-Siam and Anglo-Thai.

COPPER

Table of copper stocks including companies like Anglo-Copper and Kennecott.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Jamaican and Anglo-Tanzanian.

GOLDS EX-EX PREMIUM

Table of gold stocks including companies like Anglo-Goldfields and Anglo-American.

NOTES

Notes section providing details on various financial instruments and their terms.

TEAS

Table of tea stocks including companies like Anglo-Indo-China and Anglo-Thai.

Sri Lanka

Table of Sri Lankan stocks including companies like Anglo-Sri Lanka and Anglo-Ceylon.

MINES

Table of mining stocks including companies like Anglo-American and Anglo-Tanzanian.

CENTRAL RAND

Table of Central Rand mining stocks including companies like Anglo-American and Anglo-Tanzanian.

EASTERN RAND

Table of Eastern Rand mining stocks including companies like Anglo-American and Anglo-Tanzanian.

FAR WEST RAND

Table of Far West Rand mining stocks including companies like Anglo-American and Anglo-Tanzanian.

O.F.S.

Table of O.F.S. stocks including companies like Anglo-American and Anglo-Tanzanian.

FINANCE

Table of finance stocks including companies like Anglo-American and Anglo-Tanzanian.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like Anglo-American and Anglo-Tanzanian.

CENTRAL AFRICAN

Table of Central African stocks including companies like Anglo-American and Anglo-Tanzanian.

REGIONAL MARKETS

Table of regional market data for various countries and regions.

OPTIONS

Table of options data for various stocks and commodities.

INSURANCE

Table of insurance stocks including companies like Royal Indemnity and Commercial Union Assurance.

PROPERTY

Table of property stocks including companies like British Land and Anglo-Scottish.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture and British Overseas.

FINANCE, LAND, etc.

Table of finance, land, and other stocks including companies like National Westminster and City of London.

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